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Family Enterprise *Quarterly*

Editors' Desk

Sougata Ray,
Executive Director
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On behalf of the Thomas Schmidheiny Centre of Family Enterprise and my personal behalf I extend warm Vijaya Dashami and Dusshera greetings to all our readers. We are happy to present the next issue of the Family Enterprise Quarterly (FEQ) that features many inspiring leaders from family businesses, covers topics such as economic and non-economic goals, family offices and sustainability, family values, and the importance of relationships. We are introducing a new section: **Vintage Regional Icon**. The purpose of this section is to celebrate those family businesses that form an integral part of our lives. They evoke nostalgia, are woven into the fabric of a region, and have a special place in the hearts of people of that region. As we celebrate the long festive season, it is but right that we feature the "sweet" legacy of G. Pulla Reddy Sweets, the iconic brand that is synonymous with the flavours of pure ghee sweets and savouries.

In this issue, Padma Bhushan Mohan Singh Oberoi is our legacy builder from the past. He was a man of many firsts. His most enduring legacy is the hotel management school that he started in 1996, which was the first of its kind in India.

The case study section summarises the case on Kuttukaran Group. Sustaining entrepreneurial orientation of the founder and supporting it with appropriate governance structures has made the group one of the largest automobile dealer in India. The issue also provides summaries, and their implications for practice, of recent research articles on Non-Economic goals.

Mr. Farhad Forbes, Co-Chairman of Forbes Marshall, shared his views on how educating family firms in family governance is important for smooth succession. While, Priyanka Chigurupati, Granules Pharmaceuticals, shares her experiences on shifting gears from fashion and joining her family business, in the *'Women in Family Business'* section.

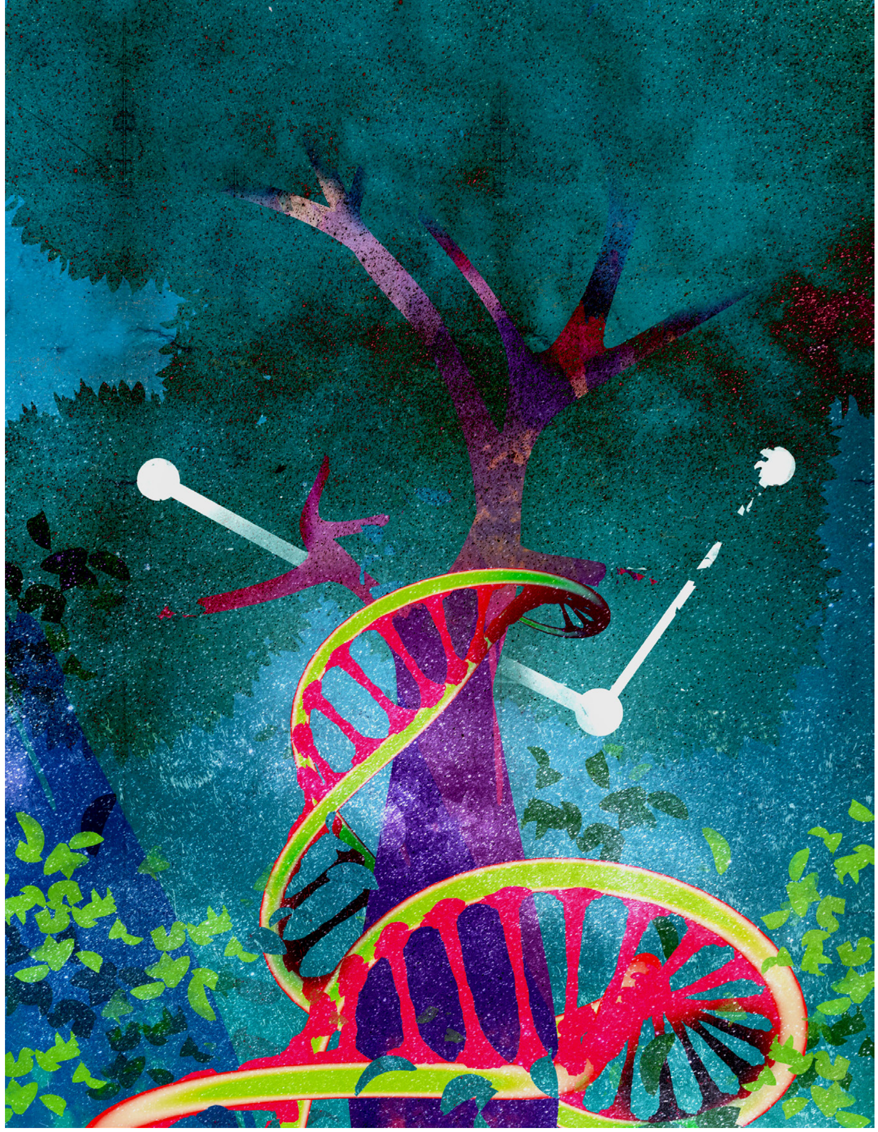
In the section on Next Generation in Family Business, Pawan Agarwal, Deputy Managing Director, Dhainik Bhaskar Group, says that family values invariably become the values of the organization. He emphasizes that family values of the founder must be transmitted across generations without loss because families stay together or have been staying together because of these values.

Thoughts from the Alumni section features our PGP alumni Manish N Sheth, Promoter, Galiaktowala Group of Companies. He shares his experiences from his journey as a business leader and how he believed that the happiness of being in a family business comes from being able to share the joy of one's success in the business with one's family.

In the Do You Know section we highlight the findings of a report by Waterfield Advisors and the Impact Investors Council on impact investing practices among family offices (FOs) and high-net-worth individuals (HNIs) in India. And, finally, *'From the Bookshelf'* section carries a review of the book titled, 'The Ambuja Story" as told by the founder, Narotam Sekhsaria, himself.

Hope you will enjoy reading this issue. We look forward to your feedback and continued support! Wishing you all a very happy Deepavali in advance.

Contents



Mukesh Ambani Makes Succession Clear to Shareholders

After twenty years of spearheading Reliance Industries Limited (RIL), Mukesh Ambani proposed a new family succession plan. Following the principles of equity and shared responsibility, he announced that the oil-to-retail conglomerate will be led jointly by his three children. While brothers Akash and Anant will manage the telecom and new energy businesses respectively, sister Isha will head the retail vertical. It is important to note that all three children have been involved in managing their respective business verticals for quite some time now. He considers young talent to be the source of creativity and innovation and is confident that the conglomerate will flourish and touch greater heights under the able leadership of the incoming generation.

Viewpoint by TSCFE@ISB

The Ambani story has a lot to offer in terms of learning about succession management. Assigning overall leadership responsibilities by strategic business units among children is a convenient and efficient way of avoiding conflicts in a family business. The group has a long way to go in terms of institutionalization of its legacy and has made the right start.

(Source: Business Standard, September 6, 2022)

Rise of the Daughters in Family Businesses

In not so common sight, daughters can be seen holding critical positions in Indian family businesses for the past few years. While the deep-rooted patriarchy has restrained women's entry into family businesses, especially in significant positions, the trend seems to be fading off. The appointment of daughters not only amounts to equal and fair treatment but also allows the family businesses to unlock huge untapped human capital using the internal talent pool. However, it still remains a challenging proposition for most women as they are still expected to be the primary caretaker of the household.

Viewpoint by TSCFE@ISB

There are still some families which believe that women are not supposed to join the business, especially those run by their parents. That postpones their opportunities to get to leadership positions. Families should be open and inclusive about succession and base their decision purely on merit and no implicit preference for a specific gender.

(Source: Business Today, September 18, 2022)

Transgenerational Confluence at the Helm of Legacy Indian Family Businesses

The digital wave has disrupted businesses worldwide. The advent of the digital revolution has been seen as a threat to legacy family businesses, enabling budding entrepreneurs to foray into new-age technology-based businesses. While family businesses are likely to lose steam after a few generations, India offers a different story. The socio-cultural fabric of India promotes and preserves harmony and cohesion among multiple generations managing the same business. Therefore, the incoming generation is able to infuse innovative thinking and non-traditional ways of organizing in legacy businesses. Consequently, Indian family businesses are less likely to fall apart compared to the global average.

Viewpoint by TSCFE@ISB

Indian firms show a higher emotional attachment of Indian family business leaders to their family firms in comparison to their global counterparts. A greater proportion of Indian business is being managed by the third and fourth generations when compared to global averages. This is an indication of the longevity of family firms in India.

(Source: Outlook, August 5, 2022)

A Dynamic Framework of Noneconomic Goals and Inter-Family Agency Complexities in Multi-Family Firms

● Study by James J. Chrisman, Kristen Madison, and Taewoo Kim

Multi-family firms (MFF) are the most complex and important type of family firms. Extant research has focused predominantly on single family firms (SFF), which do not showcase the complexity and advantages of MFFs. Despite the advantages of MFFs such as, performance advantages, the literature on these firms is scarce. Hence, in this conceptual paper, the authors identify the nature of problems and potential solutions arising in MFFs. This summary succinctly explains the study, its findings, and implications for family business.

Complexities in Multi-Family Firms

Family firms emphasize more on their noneconomic (FCNE) goals such as, the preservation of socioemotional wealth (SEW) and aim to retain control of the firm. MFFs constituting multiple owner families with their own set of FCNE goals can increase the complexity of agency problems. In this paper, the authors address the issues related to control, altruism, social capital, and transgenerational succession in MFFs. Control is the most significant FCNE goal, however if both families have similar desires for control, it could lead to multiple problems. The asymmetry of information or the bargaining power between the two families could lead to opportunistic behaviors. Altruism related problems include the differences between the family employees of one owning family versus the family employee of other owning family versus the non-family employees. The families have thick network of social ties where they take favours and return them. However, in the case of MFFs, this could be at the cost of the other family or the MFF itself. Transgenerational Succession is another important FCNE goal for the families. When there are multiple families involved, succession related problems could become detrimental to the survival of the firm.

Governance Mechanisms

Governance mechanisms are effective ways of reducing agency problems. The professionalization and imparting formal governance structures can reduce the problems pertaining to altruism, social capital and succession related issues. However, MFFs require wider and more robust mechanisms to mitigate these agency problems. The mutual monitoring is a very valuable process in all types of firms. In the scenarios of different fields of expertise and professional partnerships, mutual monitoring can reduce the need for outsiders. This can check altruistic behavior and self-dealing tendencies. The vertical mutual monitoring can facilitate the interactions between principle of one family to the agent of another family and vice versa (top down and bottom up). This ensures to limit the inter family agency problems. Horizontal mutual monitoring also enables the assessment of performance between the two families on individuals working across common tasks. The contract renegotiations also facilitate the dynamic change in the goals of families, thereby avoiding agency problems. These governance structures can facilitate the survival of MFFs.

Practical Implications

- Family firms owned by two or more business families need to be cognizant about and proactively manage their different non-economic goals which may lead to complex agency problems.
- Multi-family firms must avoid control and altruism related agency problems via vertical monitoring systems that keep divergence in check using both top-down and bottom-up monitoring approaches.
- Multi-family firms can mitigate the expropriation of firm's resources through horizontal monitoring where the members of each owner family are monitored by members of other families both at the board and functional levels. ●

Source:
Entrepreneurship Theory and Practice (2021), Volume:45, Issue:4, pp:906-930.

Back to the Roots: Applying the Concept of Individual Human Values to Understand Family Firm Behavior

Study by Philipp Julian Ruf, Michael Graffius, Sven Wolff, Petra Moog, and Birgit Felden

Values are the fundamental building blocks of any organization. Founders and executives impart strong influence on the core values of the organization. Family businesses have distinct values which shape the resources, goals, and the choice of their decisions in the business. Extant literature has acknowledged the importance of values in family firms. However, the influence of individual values on the behaviour of the firm remains underexplored. To understand this, the authors examine how the basic human values affect socioemotional wealth (SEW) in the family business. They used the dataset of 1003 cases in German family businesses to understand this phenomenon. This summary briefly describes the study, its findings, and practical implications.

Values and Dimensions of SEW

Values are the guiding factors for individual behavior and decision-making process. Extant literature classifies individual values into four high-order bipolar values, namely, *Openness to change* versus *conservation* and *self-transcendence* versus *self-enhancement*. *Openness to change* includes values of stimulation and self-direction, while *Conservation* is embedded with security, tradition, and conformity. *Self-transcendence* includes values such as, universalism and benevolence, while *self enhancement* comprises achievement, power, and hedonism. Like individual values, SEW is a multi-dimensional concept which comprises Family control and influence (F), Identification with firm (I), Bonding with social relationships (B), Emotional ties between family members (E), and Renewal of family bonds (R) – collectively termed as, FIBER.

Influence of Individual Values

The individual higher order value *openness to change* encourages people to live an exciting, curious and creative life. These values promote individuals to make their own decisions. These values align with F dimension of SEW where the family leaders try to stay independent in control of their firm. This in turn, also builds identification with the firm which influences the I dimension.

Conservation supports staying in charge of the firm, strengthening the organizational identity and loyalty to the firm. This enhances the social ties and bondage, and thereby fosters the continuity of the firm. Hence, *conservation* influences all the SEW dimensions of FIBER.

Self-transcendence emphasizes the welfare of the people, thus maintaining long-term relationships with multiple stakeholders such as employees, community, and suppliers. This builds an emotional attachment which develops trust and ensures the continuity of the business. Hence, this value influences B, E, and R dimensions of SEW.

Self enhancement motivates people to express their abilities and interests. People with these values attribute importance to power and authority. This can be commonly found in family firms which have paternalistic governance structures. Therefore, *self enhancement* influences the F and I of the SEW dimensions.

The statistical data analysis was consistent with the authors' hypotheses clearly establishing relationships between individual values and different dimensions of SEW (FIBER).

Practical Implications

- Family businesses must understand that the values of individual owner managers have significant effect on different dimensions of SEW and family firm behaviour.
- The values followed by the firm can help stakeholders understand the firm well and create strong bonds and trust between them.
- Understanding the intercorrelation of individual values and family firm behavior can help family business leaders to actively moderate their behaviour and make decisions based on objectivity.

Source:
Family Business Review (2021), Volume:34, Issue:1, pp:48-70.

Non-financial Considerations in Eco-Innovation Decisions: The Role of Family Ownership and Reputation Concerns

● Study by Yannick Bammens and Paul Hunermund

Ecological awareness among stakeholders has necessitated businesses around the world to adopt ecological innovations (or eco-innovations). Different ownership types of the business determine the values, functions, and goals of the firm. Firm ownership type also plays a significant role in driving eco-innovations. However, this relationship is underexplored in the extant literature. Therefore, in this paper, the authors try to examine how family ownership affects the family firm's preferences such as, eco-innovations. For this, the authors analyzed data from 4001 family firms in Germany. This summary briefly explains the study, its findings, and practical implications.

Family Firms and Reputation

Family firms use "mixed gamble" lens during their decision-making process. Mixed gamble involves a combination of potential losses and gains that are estimated while making risky decisions. Socioemotional wealth (SEW) plays a crucial role in this mixed gamble. The losses and gains relate to two different parallels of wealth: Financial Wealth (FW) and SEW. Family firms are likely to forego short-term financial gains for the reputation of the firm which ensures their long-term survival. The sub-dimensions of SEW such as, family dynasty and reputation, encourage them to undertake eco-innovations which might result in losses of FW. Greater the extent of family ownership, more prominent are the SEW motives such as, company reputation, that drive managerial decisions. Hence, the authors hypothesize that the relationship between family ownership and eco-innovation is mediated by the reputation of the firm.

Transgenerational Entrepreneurship and Local Embeddedness

Transgenerational intentions are unique features in family firms whereby they decide to pass the control of the business to the future generations of the family. However, due to heterogeneity in family firms they differ in their intention to pass on the control of the firm to the future generations. When the owners of the firm do not have the intentions of transgenerational entrepreneurship, then their motive for reputation is weaker. Therefore, the authors hypothesize that transgenerational entrepreneurship intentions positively moderates the effect of family ownership on eco-innovation.

Family firms place great emphasis on family reputation as it is a SEW priority. Reputation is formed based on the views of external stakeholders. The company's reputation has a significant local impact as environmental practices affect the air, water, and soil in a particular area. These ecological practices of the firm, primarily affect the areas surrounding their business operations. However, if the firms are not locally embedded, the company reputation would not be the main motive for eco-innovation. Hence, the authors hypothesize that local embeddedness of a firm is directly related to the family ownership and the reputation of the business. The local embeddedness of the firm mediates the effect of family ownership on the firm's undertaking of eco-innovation initiatives. The statistical analysis of data confirmed the authors hypotheses about the effect of reputation and transgenerational entrepreneurship on eco-innovation initiatives of the family firm. However, the family firm's local embeddedness did not turn out to be significantly related to eco-innovation initiatives.

Practical Implications

- Family businesses must develop a governance structure that fosters eco-innovation and provides a facilitating environment wherein the managers can make bold decisions.
- Family businesses must engage in ecological innovations not only to protect family reputation but also to truly reflect family values. Family businesses must firmly root eco-innovation in their vision and strategy.
- Long-term orientation and transgenerational entrepreneurship would promote ecological innovation that would contribute to the creation of a sustainable future. ●

Source:
Journal of Production Innovation Management (2020), Vol:37, Issue:5, pp:431-453.

Family Offices Fuelling the Path to Sustainability

A steady rise in wealth of family business owners has inspired them to leave behind legacies that go beyond just monetary wealth and contribute to a better and sustainable future. Family offices can play a catalytic role in alleviating the challenges posed by poverty, inequality, and climate change, through impact investing. In a first-of-its-kind study, Waterfield Advisors and the Impact Investors Council (IIC) collaborated to present a thorough picture of the state and position of impact investing practices among family offices (FOs) and high-net-worth individuals (HNIs) in India to address several questions on the subject, including: - is impact investing a credible investment option? How do FOs/HNIs view the trade-offs between risk, return, and social impact? What more can be done to catalyze larger flows into the sector?

The report analyses data and insights from more than 700 impact enterprises between 2016 and 2020, a custom survey with 31 FOs/HNIs with a cumulative net worth of at least USD 15.1bn and 15 impact funds. The report provides the data and evidence needed to understand trends and practices among FOs and the challenges faced in unlocking their participation.

Key insights of the report titled, "Unlocking Impact capital-The Indian Family Edition" by Waterfield Advisors and Impact Investors Council (IIC) are:

1) Growing Interest

(Exhibit 1)

More than half of the impact funds surveyed acknowledged that there is a growing interest among Indian FOs/HNIs in learning more about the impact investing space, especially where FOs have set up formal structures. Year-on-year, there has been a healthy consistency in new FOs entering impact investing in India, but the industry is unable to sustain the FOs. Out of 83 unique FOs/HNIs that made impact investments between 2016 and 2020, 17 FOs/HNIs (20%) continued investing in subsequent years upon their entry, whereas the remaining 66 FOs/HNIs discontinued or dropped off. This could be indicative of an early stage of FOs' interest in impact investing, driven by opportunistic investing rather than a deliberate approach. The industry needs to ensure that the exploratory interest can be converted into sustained commitment over time.

2) Preference for direct deals

(Exhibit 2)

Of the total FO/HNI contribution of USD 279.5mn, around USD 164mn (almost 60%) was invested directly in impact enterprises, accounting for 2% of the total impact investment of USD 9.03bn into direct impact deals in the last five years.

3) Most Indian FOs /HNIs invest in the seed stage

(Exhibit 3)

An analysis of the last five years of impact investing deals showed maximum participation at the seed stage, with 52% FOs/HNIs participating in deals at this stage, but the volume accounted for only 3% of total impact investment. The popular sectors for investment were Financial Inclusion, healthcare, and tech for good.

4) Barriers

(Exhibit 4)

The findings of this study have shown that while current contributions of FOs/HNIs to impact investment may be small, there is a huge potential waiting to be unlocked, accelerated by the growing interest and relevance of FOs/HNIs in creating a sustainable positive change in the country. However, a few barriers that need to be overcome are as mentioned in exhibit 4. •

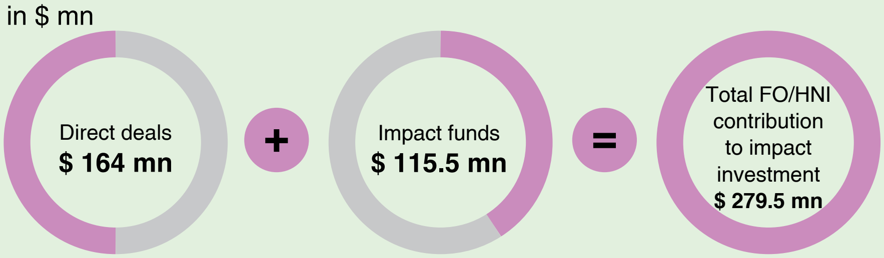
Note:
The full report can be downloaded here:
https://waterfieldadvisors.com/impact-investing-report
Extracts and exhibits have been reprinted with permission from Waterfield Advisors.

Exhibit 1: No. of new and continuing FOs/HNIs in impact investing. FOs/HNIs 'continued' means investment in any subsequent year

Unique FOs/HNIs per year	2016	2017	2018	2019	2020
20	9 dropped out	11 continued			
12		11 dropped out	1 continued		
18			15 dropped out	3 continued	
17				15 dropped out	2 continued

Source: Waterfield-IIC Report

Exhibit 2: Split of FO/HNI investment in impact by direct deals and funds in $ mn



Source: Waterfield-IIC Report

Exhibit 4: Main barriers or challenges faced by family offices with regards to impact investing

Industry-wide Barriers

Inability to demonstrate impact results	58%
Lack of a common frameworks and language to measure and compare impact performance	48%
Inability to demonstrate financial results	32%
Lack of skilled professionals/experts	29%
Impact/green washing	26%
Wealth advisors/managers unable to give access to good options	23%

Product Barriers

Lack of goodquality investment opportunities across the risk-return spectrum	58%
Lack of suitable exit options	32%
Lack of sector specific or geography specific funds	26%
Inability to accept small ticket sizes	13%
Inability to accept large ticket sizes	10%

Source: Waterfield-IIC Report

Exhibit 3: Split of FO/HNI investments in impact by direct deals and funds in USD mn across stages. The total adds up to less than 100% due to the unavailability of stage-wise data for all FOs/HNI

Seed
43 (52%)
$4.7 million (3%)

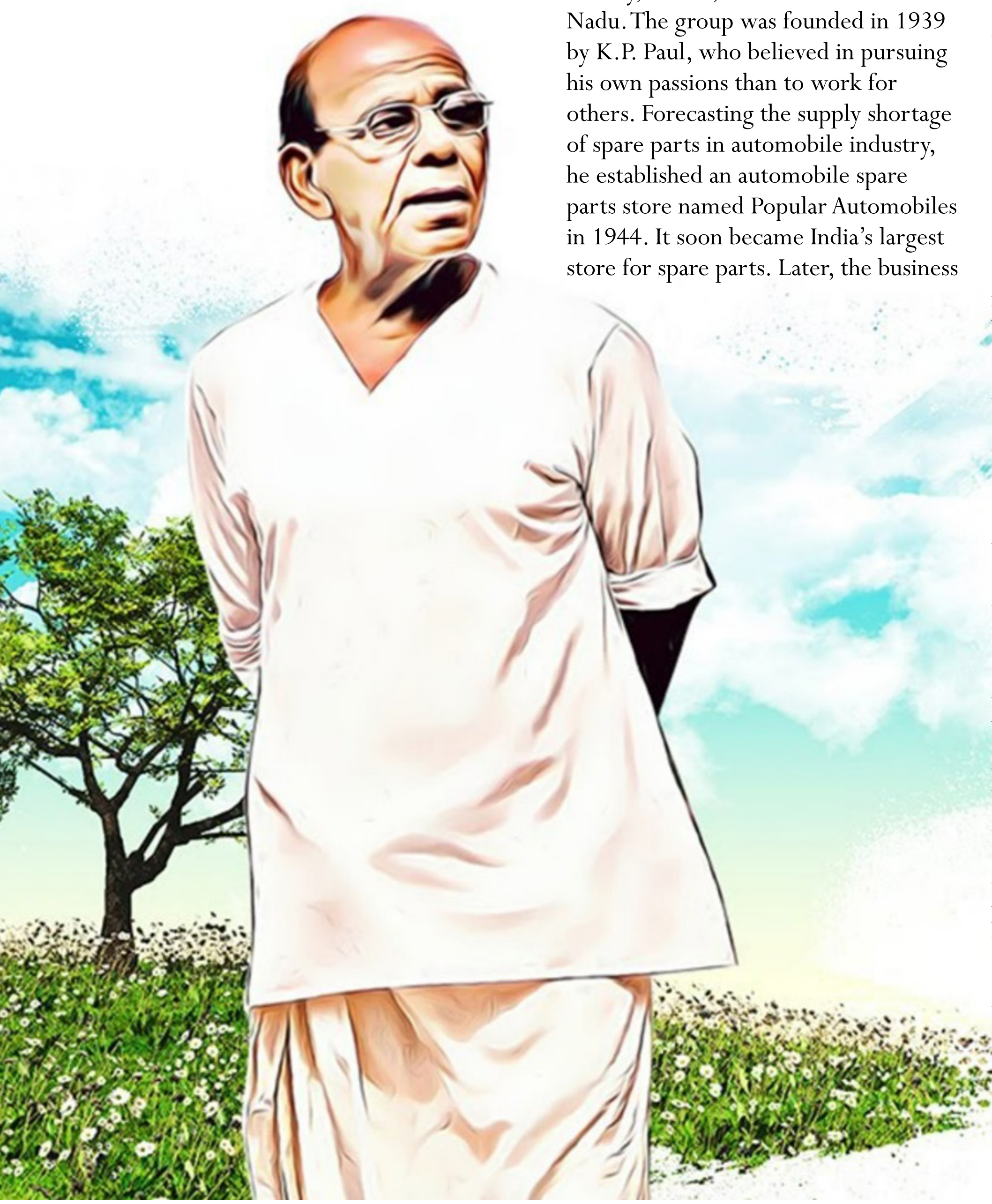
Series A
14 (17%)
$20.5 million (12%)

Series B+
21 (26%)
$138.9 million (85%)

Source: Waterfield-IIC Report

Managing Change at **the Kuttukaran Group**

Kuttukaran Group is a family-owned group of companies predominantly focused on automobile industry across the southern states of India, namely, Kerala, Karnataka and Tamil Nadu. The group was founded in 1939 by K.P. Paul, who believed in pursuing his own passions than to work for others. Forecasting the supply shortage of spare parts in automobile industry, he established an automobile spare parts store named Popular Automobiles in 1944. It soon became India's largest store for spare parts. Later, the business was diversified into automobile dealerships in 1980's. Their car dealership firm, Popular Vehicles and Services Limited (PVSL) became the first Maruti dealer in Kerala in 1983. The entire group became a business house with turnover of approximately INR 42 billion in 2019. Most of its revenues came from the automobile sector, while other sectors (education and empowerment) remained as non-profit ventures. With over eight decades of experience in automobile industry, PVSL was ranked second in all India dealer ranking for their volume of service in 2021.



K.P. Paul had very humble beginnings. He started his career as a clerk earning INR 4 per month. Due to financial constraints in the family, K. P. Paul was not able to continue his formal education beyond the 7th grade. Being the eldest son, he had the onus of taking care of his family of 15 members. Despite financial and family challenges, he moved swiftly with his entrepreneurial ventures and confronted failures without inhibitions. His initial venture as an entrepreneur was Popular washing home, a laundry service launched in 1939. Success in this venture encouraged him to assess other entrepreneurial opportunities. K.P. Paul was deeply rooted in communist ideology and formed the "Thrissur Labor brotherhood". This became a precursor for the leftist moment in Kerala at the time when labourers struggled to earn income for their basic needs. In early 1970s K.P. Paul withdrew himself from the frontline activities and mentored his sons John and Francis under his leadership.

John and Francis decided to diversify the business by entering automobile dealerships in 1983. Early 1980s were crucial for the automobile sector in India. Economic liberalization and scrapping of licensing regime in 1990s witnessed huge number of multinational companies enter the Indian market. PVSL soon witnessed growth in business and became quite successful. Although the spare parts business was also thriving, they had to wind down to focus mainly on car dealerships. Francis and John were both engineering graduates and had the technical expertise in the industry. John and Francis had complementary skillsets. Francis was the quintessential technocrat managing the technical divisions of the company, while John inherited the genes of entrepreneurship from his father. John became one of the board of trustees of TIE Global-world's largest organization fostering entrepreneurship. Naveen Phillip, son of Leela Phillip (daughter of K.P. Paul) was the first person in the 3rd generation to join the group in 1997. With a background in engineering and MBA in Finance, his skills became quite essential for sustaining the firm's performance. Under his vision the group made a debut in commercial vehicle segment as he took charge of Popular Mega Motors and started Vision Honda. Francis, John, and Naveen became the main pillars of the business and held 65.79% of group shares in equal proportions in 2019. Except Naveen, none of the other 3rd generation family members was involved in the business. However, one of the third-generation members, Sarah John Kuttukaran, started her own music business named, Blue Timbre Music Private Limited, in 2016.

With an aim to create a robust governance mechanism, their family members signed and adopted a family constitution in December 2015. It aimed at maintaining cohesiveness among family members to safeguard their heritage and traditions and meet the family's demands. It focused on succession planning and management, retirement planning and adjusting to changes in the society. The family constitution included all the possible clauses. However, some of them were yet to be implemented. Reduction in the size of their individual families, necessitated welcoming non-family professional CEO into the company. The company aimed to encourage and foster entrepreneurship through involvement of multiple generations with diversity in gender and age to continue the legacy of KP Paul.

Reduction in the size of their individual families, necessitated welcoming non-family professional CEO into the company

Learnings for Family Businesses

- Proactive assessment and understanding of evolving market conditions and entrepreneurial orientation are essential to achieve transformational growth of family business.
- Beyond a critical size, family resources and expertise are rendered insufficient for the business. Hence, professionalization of the business is crucial to take it to the next level.
- Robust governance structures and policies such as, a family constitution, and planning for retirement and succession are essential for successful transgenerational entrepreneurship.

Source:

Bang, N.P., Ramachandran, K., and Mantravadi, B. (2021) "Managing Change at the Kuttukaran Group," chapter in book "Asian Family Businesses- Succession, Governance and Innovation", ed. Koh, Annie and Lee, Jean, World Scientific, Singapore, pp81-99

Mohan Singh Oberoi
(1898 - 2002)

Born in 1898 in Chakwal (Punjab), Mohan Singh Oberoi (MS) lost his father, Sardar Attar Singh, to an influenza epidemic within six months of his birth. His mother, Bhagwanti, took her 6-month-old son to her father's house in Bhaun (now in Pakistan). His early schooling took place at the village school in Bhaun, but by 14, he was sent to Rawalpindi to study at the Dayanand Anglo Vedic (DAV) School. As the story goes, in Rawalpindi, MS saw his first hotel - Flashman's - and probably dreamt of owning it one day. He started his collegiate studies in Lahore but quit them midway to start a full-time managerial job at his paternal uncle's shoe factory at 18. That job came to an end the day he defiantly shaved off his beard even though his religion forbade it, and he returned home to Bhaun.

However, the desire to escape the epidemic of bubonic plague in Bhaun and the lure of a government job drove him to Shimla in 1920, where he sat for an exam for the Public Works Department. This did not turn out to be the success that MS had expected it to be. Fate brought him to the doors of the "Faletti's Cecil Hotel" (now the Cecil Oberoi) in Shimla, where he started as a front desk clerk for a measly pay of Rs. 50 per month. It was at the Cecil that MS met the man who would put him on his track to become one of the most famous hoteliers of India. Ernest Clarke joined the Cecil Hotel as the manager, replacing the one who had hired MS. In 1929, Clarke leased for Rs. 9000 per month what was once the Carlton Hotel and renamed it Clarke's Hotel. The next year, MS joined Clarke as a partner, buying out his shares for Rs. 20,000 after his death a few years later.

By 1934, MS Oberoi was the owner of Clarke's Hotels in Shimla and Delhi. One of MS's biggest coups was acquiring his next hotel, the Grand in Calcutta. Hearing by chance that it was being sold, he put up Clarke's as collateral for raising funds to buy the Grand, also forming the Hotels Pvt. Ltd. with three others. If not for the Second World War, it may not have become the cash cow it did, allowing MS to fulfill his expansionist dreams. In 1943, he acquired a controlling interest in the group, Associated Hotels of India, becoming the owner of hotels in Shimla (Cecil and Corstophon's), Lahore, Rawalpindi, Peshawar, and Murree (the group operated the hotels in Pakistan until 1965 but lost all four after the Indo-Pak war).

The next three decades were years of significant expansion for the Oberoi group, with MS picking up properties all over the country and also foraying into the international space. At the same time, he floated his company, East India Hotels Ltd (EIHL), which would become India's third largest hospitality chain. Today, the Oberoi group operates 32 hotels, Nile Cruisers, and a Motor Vessel in the backwaters of Kerala.

MS was a man of many firsts, but his most enduring legacy is the hotel management school (Oberoi School of Hotel Management) that he started in 1966, which was the first of its kind in India. It is rumored that around 15000 candidates apply to the school every year, and it is harder to get admission than even Harvard.

MS's contribution to the hospitality industry has not gone unappreciated. He was conferred with the title of Rai Bahadur by the British Government in 1943 and received the Padma Bhushan from the Government of India in 2001.

In 1934, when he acquired his first hotel Clarke's, MS told his daughter, "When you grow up, there'll be an Oberoi Hotel everywhere you go." Today his words couldn't be truer!

MS was a man of many firsts, but his most enduring legacy is the hotel management school (Oberoi School of Hotel Management) that he started in 1966, which was the first of its kind in India. It is rumored that around 15000 candidates apply to the school every year

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Farhad Forbes,
Co-Chairman,
Forbes Marshall

Educating Family Firms in Family Governance **is Important for Smooth Succession**

Farhad Forbes is Co-Chairman of Forbes Marshall. He is also Chair of the Board of Family Business International (FBN) an international association of 4000 family owned businesses in 65 countries and the Chairman of the CII National Committee on Corporate Governance.

Farhad received his Bachelor's and Master's in electrical engineering from Stanford University. He also received a Master's in Management from the Sloan Master's Program at the Stanford Graduate School of Business.

Farhad is a former member of the Advisory Council, Graduate School of Business at Stanford University, and a former member of the Advisory Board of the MSx Program (formerly the Sloan Master's Program) at Stanford Graduate School of Business.

Forbes Marshall has been ahead of the times and conscious about sustainability for decades. What were the building blocks that propelled the company towards sustainable practices?

A firm's approach to sustainability is generally defined, today, by its performance on ESG - Environment, Social and Governance parameters, as established by the United Nations Social and Developmental Goals.

When Forbes Marshall was started 75 years ago by our father, Darius Forbes, the business of the firm was built around saving energy for its customers by extracting the maximum possible heat from the steam that is used in industrial processes for process heating applications. This continues to be a major part of Forbes Marshall's business even today, even though technology has progressed significantly in terms of both steam generation and distribution, and in the sophistication of the measurement and control devices that are used in the process. We have measurement and control solutions to improve production efficiency, minimize industrial process emissions into the atmosphere and liquid effluents into water and the ground. So we have been addressing the "E" of the ESG consistently since the very beginning.

We have also believed in Corporate Citizenship which is one of our core values. This means being a responsible citizen and contributing to the communities in which we operate; our various social and shared value initiatives contribute to the "S" goals of ESG.

And finally the "G" i.e. sound governance practices, though not a separate value in itself, is part of the way we try to operate as a family and as an organization, and so is an integral part of our organization culture.

So, living our purpose of "Energizing Businesses and Communities Worldwide" makes sustainability a part of our core DNA, well before the words "sustainability" and "ESG" were coined.

Forbes Marshall exemplifies care for community and people, diversity, and inclusion. What was the role of the family in creating this culture in the company and how does the family intend to perpetuate this culture in the future?

In a family-owned business, the family does influence the values of the firm, and must live those values individually within the family itself. These values are transmitted from generation to generation through conversations within the family, and by example. The family, by having conversations with members of the organization and demonstrating those fundamental principles, and defining what is acceptable and what is not, can in turn influence the culture of the firm.

You have been playing a leadership role in the Family Business Network globally and also in the Confederation of Indian Industries for many years. What has been your source of motivation in playing a leadership role beyond your own business and how have these external leadership roles benefited you, your family and your businesses?

I believe that family businesses play a significant role in most countries of the world. And if the family firms are well governed, with sound family governance principles in place, the firms can be long lasting by successfully transitioning from generation to generation with the spirit of innovative entrepreneurship helping transform the firm when it is needed. With good governance, good employment practices that favour stability, and responsible citizenship, family firms can be a role model for the economy and society.

Family Business Network, an association of 4000 family firms across the world across 65 countries, has provided me with the opportunity to learn from other families about how they have dealt with issues related to both business and family; many of these things one does not normally learn at university or business school.

From your leadership at the Family Business Network, what are some of the emerging challenges that family businesses are facing globally?

Some of the challenges family firms face:

a) Succession and generational transition.

An often quoted study on the longevity of family owned businesses indicates that about 1/3 of family firms make it through the second generation and about 13% make it through the third generation. While this is often used by critics to say that family firms do not last, it is necessary to correct this perspective. If each generation is about thirty years then two generations would be 60 years and three generations would be 90 years. How many non-family owned firms last 60 or 90 years? Much less than 1/3 and 13%. Nevertheless, generational transition and succession in family firms is a challenge. It is where conflicts arise, and is the main cause of failure of family firms. Education in family governance plays an important role in smoothening the succession process.

b) Attracting the Next Generation into the legacy family business.

The Next Generation today have many opportunities and consequently often do not see the legacy business as being a sufficiently attractive option for them to consider. This is especially true if the next generation witnesses conflicts and disharmony in the family. By creating a sense of pride in the next generation for the legacy businesses' wider purpose, in how it serves its stakeholders but yet encouraging them to pursue their interests and passion, there is an increased likelihood of their choosing to stay connected with and even possibly enter the legacy business at an appropriate point in time. With their entry, they can bring in fresh thinking, new ideas and new ways of doing things that can transform the business and prepare it for the future.

In conclusion, can you tell us about a few emerging trends and best practices that you have seen globally being practiced by family businesses?

Family businesses that successfully survive for generations of course obviously make good business decisions to ensure their success, just as any non-family firm would. However, the family in long lasting family businesses also invests time in family business education where they learn and practice good family governance principles such as open and honest communication, mutual respect for one another irrespective of differing views on an issue, and maintaining trust within the family. Alignment on a common set of values also greatly helps. •

Manish N Sheth,
Promoter,
Galiaktowala Group of Companies

Chasing Relationships Instead of Business is the Mantra of Our Success

Manish N. Sheth is one of the promoters of the Galiaktowala Group of Companies (estd. 1923). Mr.Sheth belongs to the third generation of the family and has been actively managing their cotton trading business. He has also played a role in managing the group's Paint manufacturing division and their business of sale and distribution of telecom products. The group has a presence in the real estate sector (construction of residential apartments) and also has an engineering division which designs and manufactures chemical plant equipment.

He completed his MBA (Post-Graduate Programme) from the Indian School of Business in 2008, after which, he started managing the group's steel drum manufacturing business.

What are your lessons and experiences from your journey as a business leader and message to other family businesses?

I strongly believe that the happiness of being in a family business comes from being able to share the joy of one's successes in the business with one's family. I have often wondered if I would want to manage a business if it wasn't a part of my family. The family business platform has always offered me considerable leverage in furthering my career, social and personal goals.

Initially, I devoted a lot of my time in our cotton business toward business development sales, trading and strategy. In my second innings of managing our steel drum manufacturing business, I got to appreciate the significance of being exposed to other roles - finance, production, purchase, HR, etc. My short stints in assisting our paint business and our new venture in the service sector, involving in sales and distribution of telecom products and services, also gave me good exposure. Being exposed to different business functions and different businesses across the trading, manufacturing and services sectors has added significantly to my development.

I was engaged in industry-related community work very early in my career, which included representing various committees at the Cotton Association of India and being on a panel of arbitrators for addressing contractual disputes. Later, I took on the roles of Vice President, India Indonesia Business Association and the President, Steel Drum Association of India. All these positions and opportunities helped me hone my leadership and organisational skills. Each of these experiences gave me early insights into business and industry-related issues and developed my capability to tackle them. Learning how to liaise with concerned authorities and interacting with people with whom I normally would not have were two other significant gains. This exposure also helped the businesses I managed in more ways than one.

Initially, I invested more time than I should have in managing operational activities, learning the hard way about the importance of investing in HR activities. Developing a formidable team earlier on would have accelerated growth and progress further. Similarly, the significance of laying down processes and systems cannot be undermined. The battle between immediately redressing challenges on hand vis-à-vis developing time-consuming processes for long-term solutions was often lost in favour of the former but yet again, I learnt the hard way that the latter is more important to be a better manager.

Describe some initiatives spearheaded by you that brought significant changes to the family business.

My brother and I relied heavily on the primary advice given by our father before he passed away, because of which chasing relationships instead of business became our mantra for success. I cannot

Our principals and clients alike appreciated us for our ability to take a principled stand toward maintaining the sanctity of contracts in an environment fraught with defaults

but emphasise the positive impact managing relations well has had on our business.

Our strategy was also to take the harder path of

• Developing multiple individual exclusive relationships with sourcing origins (many from 3rd world countries) instead of tying up with international merchants (from developed countries) who sourced from the same origins offering a one stop shop - a preferred model by competition. `

• Using our network of offices to form direct relationships with clients instead of relying on the traditional path of routing business through middlemen.

Investing heavily in nurturing these relationships led to a lesser effort in the long term to bring in new business. This helped us sustain a leading position in the cotton trade right from the beginning and brought us noticeable recognition across the international and domestic trade leading to us being listed amongst the leading merchants of the world in one of the recognised surveys.

Business families often forget that they are a distinct entity from the business and that they have only been entrusted with managing the business on behalf of the family (shareholders)

Our principals and clients alike appreciated us for our ability to take a principled stand toward maintaining the sanctity of contracts in an environment fraught with defaults in years when markets were volatile. It assured exclusive relationships for us with our principals in the Indian markets, which is something that all competitors yearned for.

An important recent move has been to reduce our dependence on trading-based domestic and export activity to increase our focus on the indenting-based imports model, which offers a significantly higher risk-return reward. Being objective about the returns in business and not getting caught up in the worry of being a large player in the export market has led to higher wealth creation for the family.

What has been the role of your ISB experience in your professional journey?

I realised long ago that, to survive the increasingly dynamic business environment in India, one's practical learning in business must be complemented by a professional education in business management. Being a part of the ISB PGP, after almost 16 years of work experience, was a blessing for me even though most people around me questioned the need for it. Before becoming a part of the program, I was happily functioning in the cocoon of our family business. The ISB experience, a humbling one, was a rude awakening, making me realise we were only a drop in the ocean.

The most impactful lessons in the program came from the family business course that had just been created since it taught me how to wear 3 different hats—a family (member), an owner, and a manager. What it built in me was a sense of trusteeship towards the business I was managing. Business families often forget that they are a distinct entity from the business and that they have only been entrusted with managing the business on behalf of the family (shareholders). Grasping this basic principle drove me to work consciously on the aspects of building transparency, better governance, and streamlining processes.

My time at ISB also gave me the motivation and confidence to continue learning—something I believe one should never stop doing. I have studied multiple courses thereafter, including a post-graduate Diploma in Counselling, which I cherish the most. As absurd as it may sound, I continue to have dreams of going back to ISB to capitalise on all the opportunities I missed of learning and growing. •

Priyanka Chigurupati,
Executive Director,
Granules Pharmaceuticals Inc. and Granules USA

Fashion to Pharma **Learning Across Industries**

Ms Priyanka Chigurupati is the Executive Director of Granules Pharmaceuticals, Inc. and responsible for the US Generics business and Investor Relations. Ms Chigurupati has a Bachelor of Science degree in Business Management from Case Western Reserve University (US). At Granules, she has played a variety of roles across several divisions in the US and India within R&D, Commercial Operations and Investor Relations.

Being passionate about fashion, you started your professional journey with your own label. What made you shift gears and join the family business?

At the beginning of my career, I was field agnostic. I was an ambitious person and felt that fashion, which was and remains my passion, was a perfect field to get into. I was a blogger which during the time was quite unusual. I always wanted to do something e-commerce based and hence started my own label that I retailed out of my own website. At the same time, my family business was venturing into different areas so it was a no-brainer for me to want to gain some solid learning experience by working for Granules.

Was it difficult to join the pharma business without the required technical skills?

Absolutely, it really was and is. That said, I soon realised that even though I am a doer by nature, I cannot literally do everything.

In my opinion, there are two different styles of management. One is, in a highly technical field where the product ultimately sells, you, as a subject matter expert can lead, direct and then have people supplement your skills. The second is the type where you have a vision and bring in subject matter experts to execute it. I am more about style two. Again, while it is very important to give the subject matter experts, the freedom to operate, you have to be fully involved through review mechanisms, especially in areas that can make or break the company . For example- quality assurance is a big deal in our field. Whether or not you are a subject matter expert, make sure that QA is top on your list of priorities.

Were there comparisons with your brother? How do you manage sibling rivalry?

No, my brother has been involved for about 5-6 years longer than I have. That said, he is on the board and is strategically involved. My major responsibility is towards the day-to-day administration with a focus on the United States business. My father is all about governance and has made it clear that I will get to a certain position only after our board is convinced that I deserve to be in that position. I too don't believe it should be any other way. We are ultimately answerable to the board and our shareholders.

Is the decision to be in the US a strategic decision? Don't you feel distanced from the hub (Hyderabad) of activities?

The US business is a source of 60% of our revenue. When I joined, we had just established a facility in the US and I got to learn a lot about the field by being hands-on. I'm not sure if I would have had that kind of learning if I started in a larger company. The plan is to move back to India eventually and get involved in the bigger picture. Today I am more confident of being able to take on a bigger chunk of the cookie because of the sort of startup experience I had.

How has your leadership style evolved in the decade of your being at Granules?

I have had several experiences through the past years that have defined my leadership style. I think it's really important to have your own team.

My leadership style evolved literally from doing things to getting things done. And that only happened when I brought my own team in

Coming into an already established team has its benefits, but it comes with its own liabilities. Stepping into somebody else's shoes especially if you are young can be hard. I think my leadership style evolved literally from doing things to getting things done. And that only happened when I brought my own team in.

What is the vision of Granules for the next decade, and how do you see your role evolving to achieve that vision?

The vision of Granules as a company is to be an integrated player right from basic chemicals to distribution in the products and markets that we are in. Post covid, there has been a heightened need for sustainability and that forms the backbone of our vision. "Green" is the keyword we are focusing on and I know I will definitely be a part of executing the vision in a big way. As I mentioned earlier, till now I have been focusing on the US but I will move back to India soon to take on a bigger role.

Do you feel the pressure to measure up to your illustrious parents? How do next-gen members in a family business come out of the shadows of the founders/parents, with whom they are constantly compared?

That's a great question! Both my parents have been extraordinary in the way they live life. They do what they do because they love it and are truly passionate about it. They work extremely hard but keep their health on track and spend ample time with the family. I think that balance is incredible. It's all because of sheer discipline. While what they have done and continue to do tirelessly is inspiring, I don't think there should be any comparisons. You imbibe a lot of habits by watching your parents over the years but ultimately, it's about what you can do as long as you put in your 100%. If you feel you can do better, own it! If you feel can't even then own it!

Pawan Agarwal,
Deputy Managing Director,
Dainik Bhaskar Group (DB Corp Ltd)

Family Values Invariably **Become the Values of the Organisation**

Pawan Agarwal is the Deputy Managing Director of Dainik Bhaskar Group (DB Corp Ltd). He has been on the Board since December 2005. He holds a B.A. degree in Industrial Engineering from Purdue University, USA and has also attended a programme on Leadership's Best Practices at Harvard University. He heads production and the information technology department along with the radio and DB Digital Business within the Group. He has been awarded by the Prime Minister of India for his contribution to Indian language journalism and also by Enterprise Asia as one of the outstanding entrepreneurs of Asia Pacific, 2010.

What measures can next-generation members take to develop themselves into capable and effective family business leaders? Specifically, what is the importance of obtaining a world-class education and outside work experience for next-gen members?

Business leaders are those that have created a legacy through hard work, perseverance, and a drive to achieve against all odds. The next-generation family business leaders should understand and try to embody the legacy that has been built over generations. This works best when the next generation understands the evolution of the business – who were the first customers, what strategies were deployed, how the business faced challenging situations, etc.

The next important aspect is getting outside work experience. What we have seen is that once you are outside of your own organisation, you get treated the same as everyone else. You no longer work with a sense of entitlement, you get to work without being labelled as part of the promoter family, you see the real life of employees and you face real work-related issues that come with interacting with customers or the outside world. You will never get to see these situations within your own family business, so an outside world experience is really valuable if one can look at it through this lens.

Regarding world-class education, I would say that it prepares you to put in the hard work, and most importantly, teaches you that every other person who works with you is a peer and not your junior. You learn to work in teams, be a part of the team, and lead a team of peers. A world-class education allows you to develop analytical skills, a habit of reading and researching and working on deadlines, etc.

We must transmit the family values of the founder across generations without loss because families stay together or have been staying together because of these values

Why is the transmission of family values across generations vital for family businesses? How did senior generation leaders instil values in the younger members of your families?

We must transmit the family values of the founder across generations without loss because families stay together or have been staying together because of these values. Interestingly, family values invariably become the values of the organisation, too. One important part of family values is to adapt these values across generations and upgrade them as per society and the prevailing norms.

Some things that we have followed in our family are to celebrate festivals, special occasions and common holidays together. Other than this, senior members of the family keep sharing stories of their struggles and their life with the younger members. I think seeing is believing – the next generation observes the conduct of their seniors such as their leadership, integrity, and hard work, seeing them leave for work on time, travel to meet customers, and managing their teams like a family, and get inspired by that.

Our generation, for example, not only understood the values that were passed on by our previous generation, but also made it our daily mantra. For instance, our core principle of working in non-metro cities and providing a voice to the lower and middle-class families—the backbone of India—has been driving our business decisions for over 6 decades now. The value of truth, connecting with our constituents and ensuring complete independence are three enduring legacies that we have received from our previous generation and we hope to pass on to the next.

Eager to infuse new ideas and transform their family business, next-generation members often mention that they face resistance to

change. How can next-generation members get support from senior members, both family and non-family, for say, innovation adoption / digitalisation and major changes like business restructuring and governance reforms?

Resistance to change is the biggest issue that all businesses face, especially family businesses, where often the founders decide the best ways to do things and then suggest them to the rest of the organisation. The next generation must look at the language in which these suggestions are made and understand that they are based on a very strong understanding of the ground reality.

A lot of time next-gen members also face resistance because they bring in ideas from other businesses or their colleges that aren't relevant to the business. It is always better to look at such ideas and see how they are likely to be understood by the person at the last mile. So, the key to building strong support for innovation adoption is to focus on running small pilots to show the impact of the innovation before taking it across the entire organisation.

Further, it is a misconception that the younger generation doesn't contribute or that their contributions are overlooked. The spark of an idea propagated by the younger generation needs the tempering and experience of the older generation for it to take shape and truly fire on all cylinders. In this process, patience is an important virtue that I would like our younger leaders to work on. The fruits of this patience are always very rewarding.

In a business like yours where the value of a newspaper perishes within a few hours, how did you adapt to the sudden shock of the Covid-19 pandemic when supply chains were disrupted? What organisational transformation did your businesses go through and are still going through?

In the initial days of the pandemic, our primary focus was to ensure the safety of all our employees, partners, last-mile delivery agents and, most importantly, our readers. While we took care of our employees and partners through SOPs, for our readers, we had to convince them that reading physical newspapers would not spread the deadly virus. We did this successfully through several campaigns. Our editorial team focussed on two key aspects of the pandemic – bringing the true picture to our readers so that they remained aware and running several feel-good stories to ensure that our readers had a way of escaping the morose news that kept coming every day.

Perhaps the most important thing that happened during the pandemic was that our readers and global news outlets began looking toward the print media, especially the vernacular print media, as an answer to fake news and the white noise of social media. We also added several layers of discipline to our costs, most of which became permanent — the fruits of which we continue to enjoy long after the pandemic has ended.

> ***The spark of an idea propagated by the younger generation needs the tempering and experience of the older generation for it to take shape and truly fire on all cylinders***

What are your lessons from the pandemic, especially those useful to next-generation members

in dealing with uncertainties?

Sometimes, especially when you face an unprecedented situation like a global pandemic, a reversion to faith can help provide some answers. The

Uncertainty of outcome will always be there, but a calculated approach that is aimed at finding the best way forward will never lead you down the wrong path

Bhagwad Gita says "The person who is not disturbed by happiness and distress and is steady in both is certainly eligible for liberation". The question is, how can we implement this 5000-year-old verse in our daily lives, especially in the professional realm?

It is important to understand fear—fear of the unknown, fear for your loved ones, fear for your livelihood—and be able to overcome it. One of the simplest ways of overcoming fear is to stop oscillating between extreme emotions. As a business leader, one must identify the root cause of the fear and try to find a lasting solution for it. Uncertainty of outcome will always be there, but a calculated approach that is aimed at finding the best way forward will never lead you down the wrong path.

Looking at the next 10-15 years, what do you think will be the top 3 major challenges that the next-generation family business leaders are likely to face? How can they prepare themselves to cope with those challenges and steer their family businesses forward?

Over the next decade, apart from global challenges, environmental concerns and geo-political wrangling taking place, there will be some familiar challenges that the younger generation is likely to face as business leaders.

(1) Perhaps the biggest challenge will be aligning the entire organisation to handle these changes – especially for leaders of organisations that have been built over several decades. Organisations need to be able to handle change management, which includes showing people how changes will benefit them personally and professionally, encouraging an open dialogue with them and inviting them to take part in the future of the organization so that those who are dealing with uncertainties can be fully prepared.

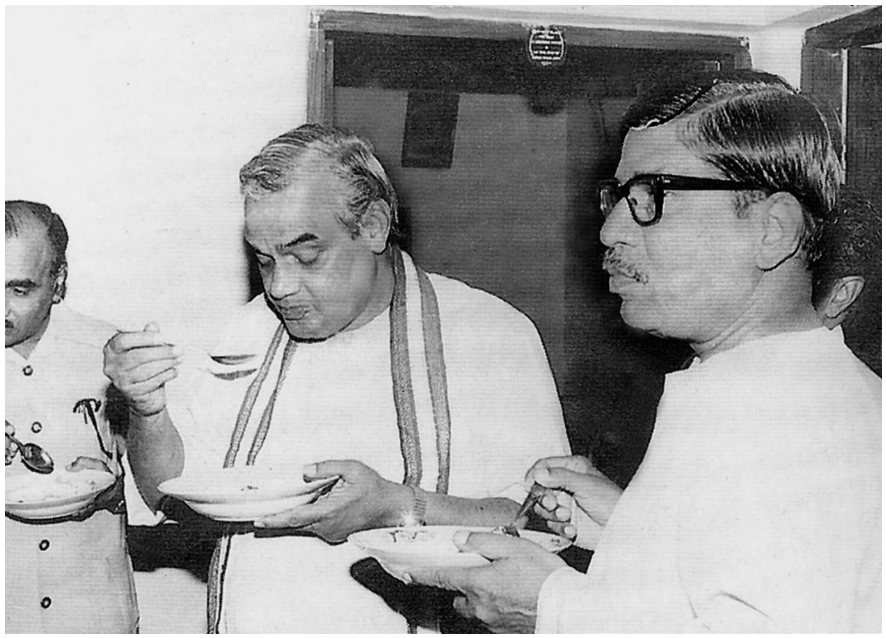
(2) In an ever-evolving world, where the pace of life seems to be getting faster, understanding the customer, his behaviour and needs will be a key challenge. To overcome this, a young leader should have his ear to the ground. Build a culture of connecting with the customers – this will help the organisation deal with changing customer behaviour. Also build the culture of being a trendsetter – this way you'll always be prepared to introduce innovations in the organisation, in the product, or the service to fulfil the new needs of your customers.

(3) Attracting and retaining empowered talent will be another big challenge. The average time an employee spends in an organisation has been steadily falling, because of factors such as more opportunities, more competition and a global market for talent. The only viable solution to this problem that has worked for generations is to build an environment where every person is heard, is given a chance to share, and is allowed to become a part of the company's future. •

Vintage Regional Icon

G Pulla Reddy Sweets

Building a **Sweet Legacy**



Kurnool may be famous across India for its sona masoori rice, but there is another iconic food brand that can claim to have its origins in the erstwhile capital of Andhra Pradesh. As locals would testify, the eponymous sweet shop started in 1948 in Kurnool by G Pulla Reddy is synonymous with the sweet flavours of pure ghee mithais like Khoa Bun, Mysore Pak, Pootharekul (paper sweet), and many more.

Reddy's uncle, a jeweller, planted the germ of the idea and advised his nephew to open a sweetshop since there were only three sweet shops in Kurnool then. Even though Reddy was a novice in cooking, he took his uncle's advice and ventured into the business. In the morning, he would work as an assistant to his cook, dutifully following all instructions. In the evening, however, immaculately dressed in a khadi dhoti-kurta and Gandhi cap, he would transform into the business owner selling his sweets and savories in the market.

At the time, when ghee used to retail at a princely sum of Rs. 2 per kg, his pure ghee sweets gathered a following quickly. He felt confident enough to open his first shop in 1948 at Kurnool. In 1956, when Hyderabad was named the new capital of Andhra Pradesh, the family also shifted its base and, in 1957, set up their second shop at Abids, Hyderabad.

The business at the sweet shops was flourishing, but till about 1993, G Pulla Reddy had only two branches, one in Kurnool and one in Abids. When customers started demanding branches in different locations, Reddy opened his second branch in Hyderabad at Somajiguda (also see customer tales).

By 2007, when Reddy passed away, there were six branches of G. Pulla Reddy Sweets across Hyderabad and Kurnool. However, by then, his name was as famous for the sweets as for his social work (see Philanthropy).

Run as a partnership these days, G Pulla Reddy Sweets—with a total of 16 branches across Hyderabad and Kurnool—is actively managed by the second generation (Reddy's two sons) and the third generation (his grandsons) of his family. With around Rs90 crores as annual sales, the idea of transforming into a private limited company is something the family is not averse to exploring. As Raghava Reddy, Pulla Reddy's eldest son and Chairman of G Pulla Reddy Sweets, says, It becomes easier to bring in fresh capital when you are a PLC."

PHILANTHROPY

In 1975, the G Pulla Reddy Charitable Trust was established. Since then, the trust has set up 26 schools and several colleges across Hyderabad and Kurnool. Notable among these are the G Pulla Reddy Engineering College at Kurnool and the Narayanamma Institute of Technology and Science for Women in Hyderabad.

CUSTOMER TALES

Raghava Reddy narrates an interesting tale of a customer. Once a customer told them, "if the God of death [Yamaraj] comes to take me, I shall tell him to wait, so that I can eat G Pulla Reddy sweets one more time. Only after that I will go with the him."

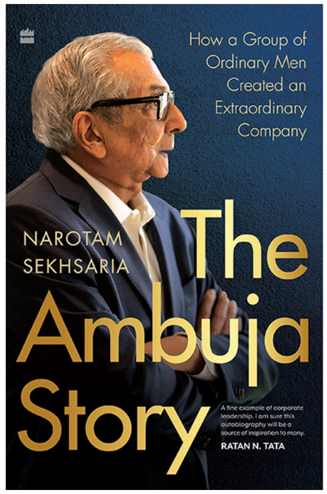
G Pulla Reddy is synonymous with the sweet flavours of pure ghee mithais like Khoa Bun, Mysore Pak, Pootharekul (paper sweet), and many more

For future growth, the company plans to create products with a shelf life of more than 2-3 months, enabling it to reach more diverse markets in and outside India. The trend of boutique mithai shops selling artisanal sweets is also something the family is keeping a close eye on.

While the business is firmly facing the future, it has not left its traditions behind. Reddy always offered free sweets to all children who came to his shop because he wanted to ensure his future customers grew up with love for his sweets. It is a practice carried on by the family to this date.

Another anecdote the whole family loves to recall is when Reddy's grandson asked him why he had opened a sweet shop instead of going into the jewellery business with its high margins. Reddy had quipped, "In our business, I can get anyone to sample my sweets without thinking twice. Would I have been able to offer a ring to every customer if I were a jeweller?" And, it is this legacy of customer centricity and connectedness that has made G Pulla Reddy the iconic brand that it is today.

From the Bookshelf



The Ambuja Story
Narotam Sekhsaria

Rarely do you hear the story of the building of a business empire straight from the horse's mouth. This is a unique book in that sense because here the Ambuja Story is being told by Narotam Sekhsaria himself, the man behind it all. He recounts this journey of hard work and sweat, risk and chance, failure, and success with remarkable honesty.

Belonging to a Marwari family from the Shekhawati region of Rajasthan, his forefathers were brokers and commission agents who dealt in commodities such as dealing in cotton, bullion and oil. In vivid detail, the author describes the Marwari community, their business sense, his family's trading business, and their subsequent move to Bombay to be close to Kalba Devi, Bombay's central wholesale commodities district. Despite performing well in studies during school and college, the author honestly admits to having drifted aimlessly during his teenage years. When he joined the family business of cotton trading after finishing his studies, he brought to the table several new ideas—such as providing warehousing and financing to Bombay mills for long-term purchase of cotton—which helped modernise the business.

Throughout the book, the one quality of the author that shines through is his ability and passion to learn from knowledgeable people. Be it his childhood neighbour (Rahul Bajaj), the rising political star (George Fernandes), or the Chairman of IDBI (NN Pai), the author says he could always learn

As one reads his story, it is evident that he is someone who does not confine his thinking to the narrow confines of standard market practices

from them and get inspired by them. He attributes the setting up of the first Ambuja cement plant to a chance meeting, however; it was his willingness to take risks and to learn on the job that eventually became the driver for success that Ambuja today is.

Another trait of the author which is worthy of emulating is his openness to innovation. As one reads his story, it is evident that he is someone who does not confine his thinking to the narrow confines of standard market practices. So, be it setting up the Ambuja plant in less than 3 years, using an advertising agency to market a commodity like cement, or building private ports to transport cement by ships, the author shows repeatedly that innovation is the road to success.

The author is also very generous in his praise for his colleagues, to whom he attributed the success of Ambuja cement. Time and again, he mentions the big role the professionals played, be it successfully installing the first plant in Gujarat, reaching an efficiency of 140% at the plant, or designing methods for bulk transportation of cement.

The Ambuja story is very engaging because, in the author's words, like David against Goliath, a couple of nobodies had set up one of the most successful cement manufacturing businesses in a market dominated by some big names. It is an interesting story for another reason—it is narrated in the changing economic climate of the 80s and 90s. This book is as much Narotam Sekhsaria's autobiography, as it is a masterclass on how to start a successful and ethical manufacturing business in India from scratch, which makes it a must-read for every entrepreneur. •

Indian School of Business

Indian School of Business (ISB) is a global business school offering world-class management education across its two campuses - Hyderabad and Mohali. The School has grown at a rapid pace since its inception and already has several notable accomplishments to its credit. It is the youngest school ever to consistently rank among the top Global MBAs, one among the select 100 global b-schools to have AACSB, AMBA and EQUIS accreditation, one of the largest providers of Executive Education in Asia, and among the most research-productive Indian management institution. A vibrant pool of research-oriented resident faculty, strong academic associations with leading global b-schools and the backing of an influential Board, have helped the ISB emerge as a premier global business school in the emerging markets. For details visit www.isb.edu

Thomas Schmidheiny Centre for Family Enterprise

The Thomas Schmidheiny Centre for Family Enterprise, at the Indian School of Business has emerged as the foremost authority on family businesses in South Asia. It undertakes teaching, training, research and outreach activities covering all major topics on family business. The Centre collaborates with global academic institutions and leading family businesses in India and abroad for exchange of insights and knowledge among diverse stakeholders.

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