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Family Enterprise *Quarterly*

8th Asian Invitational Conference on Family Business
February 4 – 5, 2023
Hyderabad

Editor's Desk

Sougata Ray,
Executive Director
Thomas Schmidheiny Centre for
Family Enterprise, ISB

It is our pleasure to present to you the first issue of the Family Enterprise Quarterly (FEQ) for the year 2023. We wish our readers a very happy, prosperous, exciting, and insightful 2023.

In this issue, we look back on the life of Cyrus Mistry—a life of many achievements that was tragically cut short. In the "C-suite wisdom section", we talk to Gopal Srinivasan, who is happy to provide the roadmap to next gen members of business families in their future entrepreneurship endeavours. We also spoke to Ms. Vanitha Datla for our "Women in Business section" about her journey from being a homemaker in America, to her breakthrough in the male-dominated industry of cement manufacturing, to becoming the first woman Chairperson of CII, Telangana.

In the "Thoughts from the Alumni section", Aparna Reddy, Executive Director at Aparna Enterprises, discusses how she entered the family business with a 360-degree growth mindset and how it has fueled her company's backward integration. We speak to Burjis Godrej for our "Next Gen" section. He shares his learnings from fulfilling societal and familial expectations as a fourth-generation member of a prominent business family. We summarise the case of the Shampoo family by Kavil Ramachandran and Nupur Pavan Bang on succession planning about a family grappling with tensions amongst the second generation.

In this issue, our pick for the "From the Bookshelf" section - is Engineered in India by BVR Mohan Reddy. The author is a first-generation entrepreneur whose life is a blueprint for how to achieve a dream of creating, scaling, nurturing, and then smoothly transferring the baton to the next generation in a multinational engineering services business leveraging information technology when one lacks the capital, family legacy and prior experience for it. This issue also provides summaries of three research articles on "Family Social Capital in Family Business". The "Do you know section" presents you with a report on the preparedness of small businesses against natural disasters. In the Vintage Regional Icon section, we feature the famous Kaveri restaurant at Ranchi. As many a Ranchi denizen would attest, Kaveri is an institution when it comes to eating out and celebrating occasions, big or small.

Talking about occasions, we are sure that you will be delighted to know that we are holding our 8th Asian Invitational Conference on Family Business on **04- 05 February 2023, in our Hyderabad campus**. You may recall that we have had seven highly successful conferences in earlier years, each with brilliant speakers and over 350 participants. The overall theme of the conference is **"Future of Family Business"**. We have an excellent line up of 30 speakers to share their experiences on various related topics. We have chosen the themes and speakers carefully based on our deep insight into the challenges faced by family businesses, all to achieve our goal of adding value to your efforts to further transform the family business you are associated with.

The conference is scheduled over a weekend to make it convenient for all to attend.

We encourage you to register early!

Please visit www.isb.edu/eighthfbconference for further details, including the session and speaker line up, and registration as a delegate.

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We shall be obliged if you would:

- Participate with other family members if you belong to a business family.
- Forward this mail to others who may benefit.
- Please let us know in case you wish us to inform some others.

Best regards,
Professors Sougata Ray and Kavil Ramachandran

Tragedy-hit Mistry family has $29 billion fortune locked in a bitter feud

It has been a distressing year for Shapoor Mistry who eyes at dispute resolution and freeing up cash worth USD 29 billion locked in the Tata conglomerate after losing his father and younger brother in a span of three months. While the Mistry group had made persistent attempts to monetize its stake in Tata Sons to fuel its economic recovery, Tata Sons, being private, restricted the stake sale. Subsequently, the COVID outbreak derailed the plans altogether. Moreover, even though Tata had offered to buy the stake, both parties disagreed on the valuation. Taken together, the bitter feud between the Mistry and Tatas forestalls a healthy reconciliation. Therefore, it will be interesting to see how Shapoor manoeuvres the situation and averts the impact of rising interest rates and a recessionary outlook.

Viewpoint by TSCFE@ISB

The years long dispute between Tata Sons and Shapoorji Pallonji Group has re-emphasized the need for Indian companies to build-in specific clauses around acquisitions, mergers, and sales. We also expect some senior members of the Parsi community to help initiate a mediation process between the two families at some point.

(Source: Money Control, November 23, 2022

Engaging the young in family business culture

A family business cannot create a legacy without shared family values, which are essential to the success of the company when control passes from one generation to the next. Family businesses in India can pass on family values to the next generation by creating opportunities to share values, history and experiences, such as mandatory weekly Sunday breakfasts, family retreats, and attendance at family events. Families may also establish a formal family council to facilitate dialogue and introduce children to the council when they reach their teenage years. In some cases, appointing an outsider as a counsellor can help facilitate communication and allow solutions to emerge.

(Source: Financial Times, October 27, 2022)

Viewpoint by TSCFE@ISB

In today's world, many families may not always eat, pray, or stay together in the traditional sense. However, they can still maintain a strong sense of belonging through shared values, experiences, and the desire to continue and preserve the family business and its legacy. It is important to use the available tools and resources to facilitate dialogue and keep the family connected and united.

Jay Kotak not a contender for the role of Kotak Mahindra CEO

Kotak Mahindra has initiated its search for a new contender after Uday Kotak transitions from the chief executive position later next year. Uday Kotak has led the bank since its inception in 1985. It has been suspected that Jay Kotak, son of Uday Kotak, will take over the leadership role. However, according to one of the board members, Jay is not the top contender for the CEO position. Jay Kotak is too young to be considered for the chief executive position and needs to work his way up based on professional merit and expertise. The board of Kotak Mahindra is expected to announce its pick in the next few months

(Source: Livemint, November 16, 2022)

Viewpoint by TSCFE@ISB

There is a growing trend among the next generation of family business in India to acquire higher levels of professionalism. It is must for the next generation members to receive professional grooming to effectively take over and run the business. This not only ensures the continued success and growth of the business, but also allows for a smooth transition of leadership.

Family Social Capital in Family Business: A Faith-Based Values Theory

● A study by Ritch L. Sorenson and Jackie M. Milbrandt

Family Social Capital (FSC) refers to social relationships of goodwill and trust within business-owning families. The study tries to understand how owning families sustain positive relationships that are characteristic of family social capital and establishes that many families rely on family faith practices and faith-based narratives to reinforce ethical norms that strengthen family relationships. It indicates positive connections between values-based family social capital and family owner succession, business performance, and community support. This study summarises theoretical relationships derived from qualitative data in a Faith-Based Values Theory of Family Business.

According to the study, many recent studies report that religion or faith-based values strengthen cohesion and loyalty within the owning family. More than through formal rules and regulations, it is through the successors' internalisation of the owning family's values that business families find bases for shared purposes and consensual decision-making. Developing a theory of family social capital, Hoffman et al. (2006) argued that high levels of FSC can reduce human resource and transaction costs, enhance communication efficiency, provide motivation, and enhance business reputation.

Family Faith Practices and Faith-Based Values

Studying four devout Christian Business families in the north-central region, the researchers observed the family faith practice in detail. Individual and family prayer was common in these families. They pray before work, at family gatherings, and before and after meals. Here, faith acts as a source of family unity. Qualitative evidence from family narratives consistently showed a link between family faith practices and beliefs. Faith practices strengthen faith beliefs, and faith beliefs motivate the use of faith practices.

Cross-case coding for the study produced fifteen common family values[1]; twelve were faith-based values, and three were normative values. Most were associated with Bible quotations, statements of faith beliefs and practices, and faith heuristics. Faith-based values[2] refer to principles of behaviour based on faith beliefs. Normative values refer to family expectations that are not tied directly to family faith but are consistent with faith-based values. Adherence to faith practices (attending church, Bible discussions, and prayer) strengthens faith beliefs. Faith beliefs motivate family members to adopt faith-based values; previous generations' narratives of faith-based values persuade the next generation to adopt the same values.

There are two types of values: stewardship and relationship values. Social capital in faith-based business families is positively associated with community care.

Theory of Faith-Based Family Business

Developing a Theory of Faith-Based Family Business, the study found that strong family faith was associated with developing values-based business families. Consistent with the faith-based values theory, high levels of family faith helped sustain family values, family values provided bases for business family social capital, and business family social capital contributed to family business outcomes.

Practical Implications

- The faith-based theoretical model proposes a *collaborative dialog* to develop common understanding and agreements between the owning family, the business family, and external organisations. It enables coordination, adaptation, and agreement *among* organisational owners, employees, and business partners.
- This study contributes to the family business and business ethics literature by providing insights into the relationship between family faith and family social capital. It further contributes by (re)defining family values, processes that develop family values, and the relationship of family values to family social capital. ●

Source:

Journal of Business Ethics (2022), 1–24.

1 The paper refers to the combination of faith-based and normative values as "family values".

2 Normative values were not directly tied to the Bible but were common across all business families. Moreover, they were consistent with faith-based values. The study identified three normative value categories: close business family, learn and innovate, and collaborate. And they were consistent with faith-based values. Faith-based values provided the foundation for building close relationships, whereas normative values provided expectations for interaction within the business family.

Successful family firm succession: Transferring external social capital to a shared-leadership team of siblings

● A study by Luis Cisneros, Berangere Deschamps, Gabriel M. Chirita, and Sebastien Geindre

A firm's continuity and growth in family business succession depend upon its social capital transfer. Thus, this study focuses on a more cohesive part of succession as it is a collective transfer of socio-emotional and cultural capital. As a process in which predecessors pass both operational and strategic external social capital (ESC) to the shared-leadership team on an individual and collective level, transferring ESC from a predecessor to a team of siblings changes the conventional way of transferring ESC.

Furthermore, the study revisits succession as an intergenerational transfer and stresses the complexity of the transition from one managing owner to the following generation, considering it a complicated process involving the transfer of tangible and intangible resources. Some intangible assets, including the managing owners' social capital (SC), are challenging to transfer because of how closely they are related to the predecessor. Social capital is described as the sum of the actual and potential resources inherent within, accessible through, and generated from the network of relationships owned by a person or social unit.

Succession and External Social Capital

The study tries to fill the gap in the understanding of (1) how ESC is transferred from an individual to a collective perspective and (2) how successors integrate their own ESC with that of the predecessor. These findings also reveal the dual nature of the ESC transmitted/acquired (strategic and operational) and extend the existing research[1] in the field by offering qualitative evidence on transferring ESC to a shared-leadership team.

Taking the predecessor and the insider successor as the fundamental drivers in building the collective succession, the study develops its major arguments and findings based on seven propositions highlighting aspects which can enhance ESC transfer to a shared-leadership team of siblings. It also describes the complexity of the interaction between outsider and insider successors and their integration mechanism (either natural or official immersion), as well as the evolution of ESC acquisition by a shared-leadership team of siblings.

The study shows how sibling succession is a promising method for a family firm's ESC to be maintained, renewed, and increased at the crucial time of its transfer to the next generation. Furthermore, it demonstrates for practitioners how successors integrate their own social networks with the shared-leadership team's ESC and why they choose to keep or discard an incumbent's ESC. It also exposes the predecessors' unacknowledged contributions to the ESC. They continue to support and advise the shared leadership team's successors. Their continuous involvement in the business, which is symbolic and comforting to business partners, could be an uncommon strategic benefit for the family business.

Practical Implications

It contributes two major insights to family business succession:

- There is not only an intergenerational transfer of ESC but also an intra-generational one that helps to create a combined ESC that improves the generation-gap effect and the renewal-of-network effect.
- The study reveals that successors renew ESC not only by exploring the predecessor's network but also by integrating new contacts from their own network. The study also provides additional insights into complementarity among siblings that may enhance family firm transfer success by capitalising on their own resources when transferring operational ESC and by pooling their resources when transferring strategic ESC. ●

Source:
Journal of Business Ethics (2022), 13(3), 100467.

1 See the existing research of Steier (2001) and Schell et al. (2018) in the same field.

The impact of bridging social capital in family firms' performance: exploring the mediation role of successor's social skills

A study by Hedi Yezza, Didier Chabaud, Leo Paul Dana and Adnane Maalaoui

Social Capital and Financial and Non-Financial Performance

This paper investigates the impact of bridging social capital on the financial and non-financial performance of family businesses and explores the mediation role of social skills in family succession. The study emphasises the possibilities of when social capital can be endangered during the succession process, which involves the transfer of leadership and ownership from one generation to another. Furthermore, the study mobilises social capital as a theoretical framework to test the impact of the external dimension of social capital on family business performance and to study both the impact of bridging social capital and the role social skills can play to improve the impact of social capital.

Considering the complementary relationship between social capital and social skills, this study is in resonance with the need for a better understanding of the impact of social capital and social skills during the succession process in a family business. Based on real observations from some family firms, this research contributes to the social capital literature by empirically testing the relationship between social capital and social skills.

Social Capital and Family Business Performance

The social capital perspective is essential to study family firms, and it has two dimensions — internal (bonding social capital) and external (bridging social capital). The bonding social capital refers to the interaction between homogeneous groups, which are like-minded people who share common values belonging to the same organisation or group which holds a high level of trust and internal cohesion. At the same time, bridging social capital, formed by three dimensions (structural, relational, and cognitive dimension), concerns the interaction between heterogeneous groups from different communities. It also indicates that social capital has a significant effect on financial performance; that is, social skills partially mediate the relationship between social skills and financial performance. Social skills also have a direct impact on family-centred non-economic (FCNE) goals.

This study explains the critical role of social capital and social skills in the context of the family succession process. This research tests the impact of social capital on family business performance by distinguishing between financial performance and (FCNE) goals which deal with the concept of Socio-Emotional Wealth (SEW). But, instead of focusing on family social capital, the study uses the external approach of social capital to advance family business research, introducing social skills as a mediating variable. Furthermore, the study duplicates the analysis of social skills in family succession. The study basically combines social behaviour theory (social skills) with social capital theory but still lacks maturity.

Practical Implications

This study has a number of practical applications:

- Social skills help in integrating the current family business structure and better enable the development of social capital in the successor.
- A successor's social connections to various stakeholders can be used to spot new chances and resources. Therefore, the study advocates that social capital and social skills must be included in business management education, particularly in the context of family businesses.
- This study's conclusions help inform the decision-making process within family firms. That is, family business operators must plan to integrate their children into their relational circle to facilitate their post-succession success.

Source:
International Journal of Entrepreneurial Behavior & Research (2021), 27(8), 2009-2027

Small Business Natural Disaster Preparedness and Resilience Inquiry

Natural disasters are catastrophic and have prolonged effects on individuals, regions, and communities. The effects of natural disasters on small and family businesses can be devastating. The Australia Small Business and Family Enterprise Ombudsman investigated small and family businesses' existing knowledge and disaster resilience plans. As a part of the survey, the ombudsman sought the views of small and family business owners affected by natural disasters through submissions, in-person feedback sessions, and a survey. The research sought to identify how small and family business owners prepare for natural disasters, the problems they face following a disaster, what the achievable timeframes for recovery are, and how to enhance access to communication for preparedness and recovery information.

Fieldwork was conducted between 11-28 February 2022, with more than 20,000 responses received.

Key insights of the report titled "Small Business Natural Disaster Preparedness and Resilience Inquiry."

1) Exposure of Small and family businesses to disaster Impact

(Exhibit 1)

The most common disaster impacting small and family businesses in the last five years was the COVID-19 pandemic (90% of respondents), followed by severe rainfall (16%) and bushfires (12%). The primary issue affecting all businesses across all disaster types was reduced revenue and reduced customer demand. Companies at the smaller end of the scale were markedly more affected by reduced customer demand than larger businesses. The effects of the reduced revenue and customer demand were significantly higher during the pandemic and on account of drought than other disaster types.

2) Small and family businesses are less likely to be prepared for disasters

(Exhibit 2)

Businesses that have faced cyclones reported being the most prepared for disasters, with 46% of respondents being fully prepared; unsurprisingly, businesses reported being less ready for the Covid-19 pandemic. While most businesses surveyed felt somewhat prepared for future disasters, only one in four had a current response plan, and approximately 50% had no response plan.

3) Disaster information and response

(Exhibit 3)

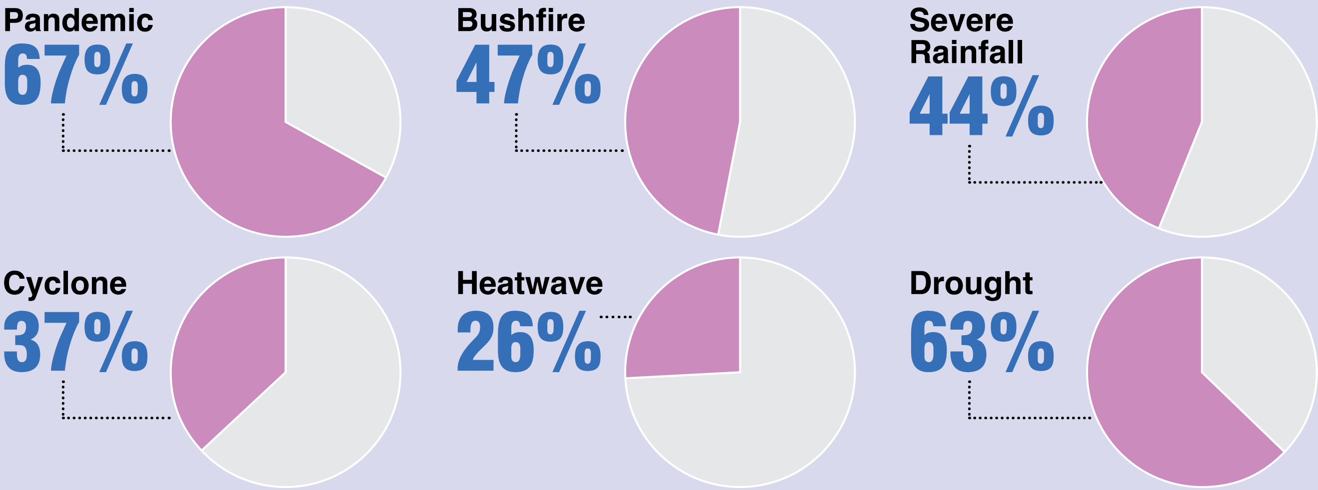
Approximately half of small and family business respondents specifically recalled receiving information or assistance on responding to or recovering from a natural disaster. Most responses that were recorded, recalled receiving information with respect to the Covid-19 pandemic, while least number of responses recalled information on heatwaves.

4) Small and family businesses prefer websites and email communication

(Exhibit 4)

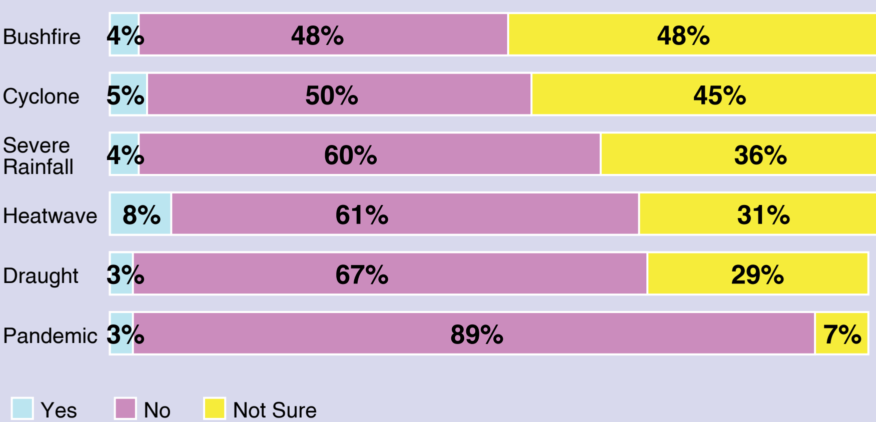
Websites and email communication were the most recalled and preferred sources of information for small and family businesses. Blogs, brochures, and in-person meetings were least recalled or preferred. Small and family business owners suggested a range of ways to improve communication about disasters, including information consistency, real-time information, and a single source of information, for example, a go-to website or 'one-stop shop.'

Exhibit 1: Percentage of businesses suffering reduced revenue by disaster type.



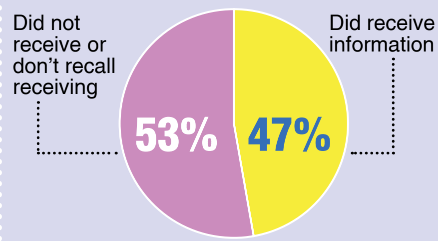
Source: Australian Small Business and Family Enterprise Ombudsman Inquiry Report

Exhibit 2: Disaster plan in place before event occurrence: by disaster type



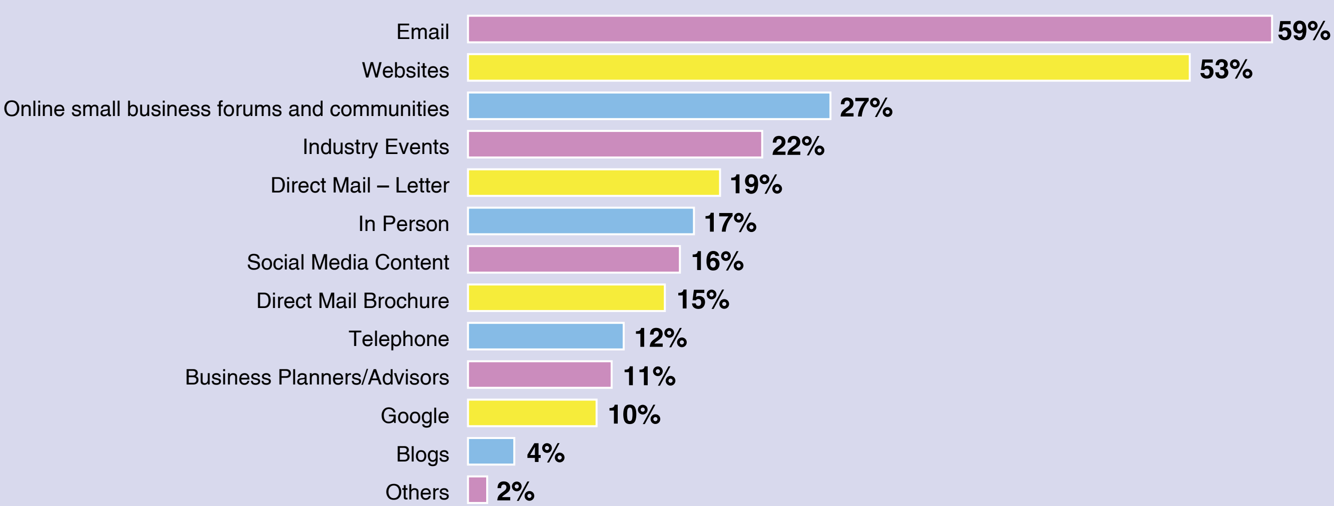
Source: Australian Small Business and Family Enterprise Ombudsman Inquiry Report

Exhibit 3: Percentage of responses that recalled receiving information or assistance regarding how to respond and recover from a natural disaster (any disaster type)



Source: Australian Small Business and Family Enterprise Ombudsman Inquiry Report

Exhibit 4: Channel preference for information on preparing and managing the impact of natural disasters



Source: Australian Small Business and Family Enterprise Ombudsman Inquiry Report

Succession Crisis at **the Shampoo Family**

Herbal Hair (P) Ltd. was founded by Dr. Raveendra Sheth in 1978 in Gujarat. Its flagship product was Jeeva, a herbal shampoo manufactured using traditional Indian medicine and herbs. The brand soon gained currency within Gujarat and adjoining areas through the efforts of Dr. Sheth and his wife Anuradha. In 1998, the company faced a temporary crisis when Dr. Sheth suffered a mild stroke and was left incapacitated for a year. His sons Rajesh and Tejas were both studying at the time and it was his son-in-law, Vipul, who stepped in to manage the day-to-day functioning of the business. Initially, Vipul's involvement was not planned to be permanent, but he stayed back in the business as Dr. Sheth increasingly came to rely on him. Rajesh also joined the business in 2000 and was put in charge of the marketing and finance functions, while Vipul looked after general administration and Research and Development (R&D). By 2012, the business had an annual turnover of Rs 900 million (~ USD 12.3 million) and employed about 300 people. Dr. Sheth, Rajesh, Vipul and Tejas along with their spouses, each held a 25% share in the business and all were part of the company board.

Tejas, the youngest son, was a reluctant participant in the family business. He had quit his career at a leading Fast-Moving Consumer Goods (FMCG) company and moved to India from London to manage

> *The lack of a formal communication framework and fuzzy reporting structure continued to result in incidents of interdepartmental friction*

the human resources (HR) function for the company. Though he brought significant rigour to the HR processes, he felt his talents were underutilised. He consented to stay back in the business only at the behest of his father. At the same time, Vipul and Rajesh were also struggling to find synergies between their vastly different working styles. Vipul was an extrovert and a vociferous champion of the Jeeva brand, who did not hesitate to openly reprimand his senior managers – a management style Dr. Sheth would often advise Rajesh to emulate. This made the introverted and philosophical Rajesh feel like an outsider in the family business, even though he was the elder son. The mismatch of ideologies led to simmering tensions in the board meetings which sometimes turned into shouting matches between Dr. Sheth and Rajesh. After a particularly acrimonious episode in October 2013, the board meetings were stopped altogether.

In 2014, Rajesh set up Herbal Marketing Ltd to market Herbal Hair products. Herbal Marketing operated out of a separate office with a new team that was recruited at salaries that were higher than their contemporaries at Herbal Hair. Rajesh was appointed the MD of the new company. Dr. Sheth, Vipul and Tejas continued to operate out of the old office. However, the rift between Rajesh and Vipul continued to grow. To resolve their differences and ensure the perpetuation of the business, Rajesh sought the help of a family business consultant, Nirmal Pandey. Pandey asked the family to carry out a vision exercise to identify shared goals and values. He also suggested that Herbal Hair and Herbal Marketing be merged with Rajesh as the MD and Tejas and Vipul as directors. He further recommended hiring independent directors and creating a core committee of department heads who would meet regularly to review and coordinate activities.

In keeping with the recommendations, Rajesh was designated as the MD of Herbal Hair, the female members of the family were made to give way to independent members of the board, and board meetings were resumed. But the proposed merger did not take place. The lack of a formal communication framework and fuzzy reporting structure continued to result in incidents of interdepartmental friction. The relationship between Rajesh and Vipul deteriorated further and Dr. Sheth realised that the differences between the two were not only affecting the business adversely but were detrimental for the family harmony. He realised that the ownership and leadership issues needed to be resolved soon. He wanted to be fair with all three, Rajesh, Tejas, and Vipul. Eventually, in 2020 the company was split into 3 – Rajesh got the northern and eastern markets, Tejas the western market and Vipul the southern market.

Family Businesses can benefit by defining a formal communication and governance framework that can ensure effective communication within the organization

Learnings for Family Businesses

- Family businesses should clearly delineate the organization structure, reporting lines and the roles and responsibilities that go with it.
- Family Businesses can benefit by defining a formal communication and governance framework that can ensure effective communication within the organization.
- External advisors and independent and impartial board members can push better governance protocols within a family business.

Reference:

Ramachandran, K & Bang, N. P. (2022). “Mending the Fence Before the Family Fell Apart: Succession in the Shampoo Family”, in “Family Business Case Studies across the World: Succession and Governance in a Disruptive Era”, Successful Transgenerational Entrepreneurial Practices Project Casebook, Edward Elgar.

Cyrus Pallonji Mistry
(1968-2022)

Described by close friends as soft-spoken, candid, and down to earth, Cyrus Mistry was thrust into the limelight when he was handpicked by Ratan Tata as his heir apparent to lead the formidable USD 80 billion Tata Group. On assuming chairmanship, Cyrus Mistry became the second person with a non-Tata surname and the first with no blood ties to the Tata family to hold the prestigious position.

Though his appointment came as a surprise to many, industry insiders were aware of the instrumental role he had played in transforming his family business—Shapoorji Pallonji Group (SPG)—from a pure contractor to a value-added player, moving from just construction to design-and-build projects in the marine, oil and gas sectors. Under his stewardship, the SPG grew from a turnover of USD 20 million to USD 1.5 billion and notched up many firsts in India. The group was behind the construction of some of the tallest residential towers, the longest rail bridge, the largest dock, and the largest affordable housing projects. He was also the man responsible for turning around the fortunes of the loss-making Afcons Infrastructure in which SPG acquired a majority stake of 53.96% in 2000.

Born on July 4th, 1968, Cyrus was the younger son of construction baron and billionaire Pallonji Shapoorji Mistry and Patsy Perin Dubash. He was an Irish citizen by birth. After completing his schooling at the prestigious Cathedral and John Connon School in Mumbai, he trained as a civil engineer at the Imperial College, London, and got his master's degree in management from the London Business School. He joined the board of SPG as director in 1991 and became the managing director in 1994.

The Mistry family's long association with the Tatas began in 1935 when Cyrus' grandfather Shapoorji bought FE Dinshaw and Co., which had a 12.5% stake in Tata Sons. Cyrus became a board member at Tata Sons in 2005 when his father bequeathed the position to him on his retirement. On being appointed the chairman of the Tata Group in 2012, he relinquished all his positions at SPG.

During his years with the Tata Group, he sought to set in place governance structures and make businesses more accountable. He created the Global Executive Council, which comprised executives handpicked by him to provide strategic and operational support to him. However, in 2016, in a surprising and unprecedented move the Tata Sons board asked him to step down from the Chairmanship position—a turn of events that sparked off a bitter corporate feud between him and the Tata Group, which finally ended with a 2021 Supreme Court ruling in favour of the Tata Sons board.

Post his unceremonious exit from the Tatas, he joined his brother Shapoorji in the family firm. In 2018, he announced the launch of Mistry Ventures LLP to provide early-stage funding and growth capital to start-ups in India and abroad. Cyrus was also instrumental in SPG's successful exit from a one-time restructuring (OTR) plan with repayment of the entire restructuring debt on March 31, 2022, ahead of the deadline that allowed SPG to regain its 'A' rating from agencies. He also served as a director on the boards of several other firms, including Forbes Gokak and United Motors (India). He was a trustee of NICMAR, an autonomous, not-for-profit, academic body.

Remarkably, very little information is available in the public domain about Cyrus Mistry, whom the Economist called 'the most important industrialist between India and Britain' in a 2013 article. He did not give a single interview during his tenure at the Bombay House, and apart from the brief time around his ouster when he opened up a bit, he mostly shunned media attention. His untimely death at 54 in a car accident at Palghar, Maharashtra, refocused the limelight on him and his legacy. A legacy that was not only about his stint and subsequent rupture with the Tata Group but also his undeniable contribution to the Indian economic landscape. He is survived by his wife Rohiqa Chagla and sons Firoz and Zahan. ●

Transforming his family business—Shapoorji Pallonji Group (SPG)—from a pure contractor to a value-added player, moving from just construction to design-and-build projects

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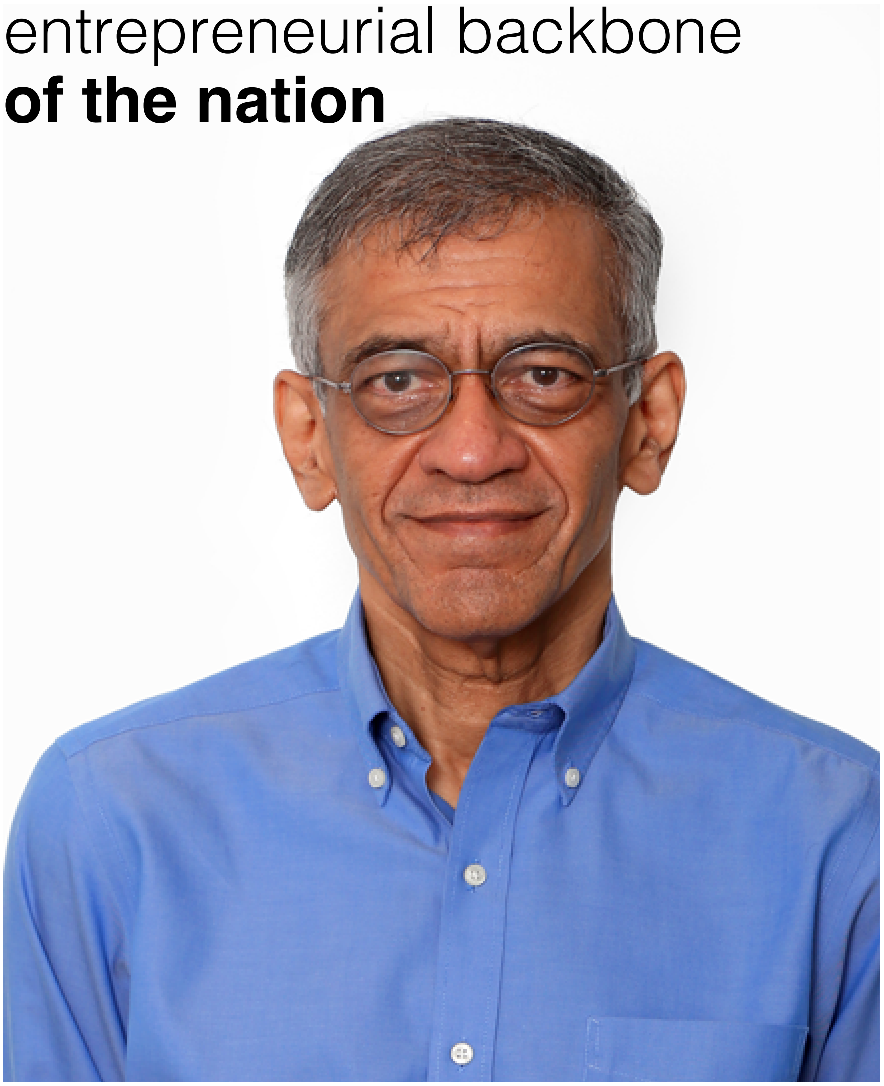
Gopal Srinivasan
Founder, Chairman, and Managing Director
TVS Capital Funds

Families are the entrepreneurial backbone **of the nation**



Gopal Srinivasan is the Founder, Chairman, and Managing Director of TVS Capital Funds and a third-generation member of the TVS Family. Over an entrepreneurial career spanning 30 years, he has incubated over ten companies operating in diverse sectors, including technology, consumer durable, financial services, and auto components. He has been actively involved with the financial market regulator during his engagements with SEBI, the Indian Venture Capital Association (IVCA), and the Confederation of Indian Industry (CII). As a non-official member of the National Start-up Advisory Council (NSAC), formed by the Department for Promotion of Industry and Internal Trade (DPITT), he advises the Government of India on measures needed to build a robust ecosystem for nurturing innovation and start-ups in the country.

Parents must become VCs and clean up their portfolios

Gopal is an MBA from the Graduate School of Business Administration, University of Michigan, and is an avid reader of books ranging from Spirituality-Psychology and Management-Technology. Being passionate about entrepreneurship, he was part of the founding group of "The Chennai Angels", one of India's premier angel investing networks and has encouraged and chaired several awards committees to recognize entrepreneurs as India's new fighters for economic freedom.

You are passionate about entrepreneurship and creating an ecosystem for start-ups to thrive. What are the key lessons from your entrepreneurial experiments and experiences?

In my mind, the right people become entrepreneurs for the following reasons:

- They have a higher calling where they believe entrepreneurship will unleash economic forces, create jobs and economic security for the nation, and also create wealth for their shareholders; or,
- they have a passion for personal achievement and personal wealth creation; or,
- because everybody else in their group is becoming an entrepreneur.

The third reason doesn't matter because it is just a reason for starting, and during the process, one may discover her ***vãsanãs*** (the true nature) and whether she is meant for entrepreneurship or not. That leaves us with only two reasons people become entrepreneurs. People who become entrepreneurs must thoroughly assess with their family, friends, mentors, or through courses at institutions like ISB to get evaluated on their natural abilities or traits and to see whether entrepreneurship is in them. Because if it is one's ***paradharma*** (prescribed duty of another), it can only be ***bhayãvaha*** (dangerous). However, if it is their ***svadharma*** (one's own right, duty), even the failure would result in learnings, new energy and resilience.

When did you realise that entrepreneurship was your calling?

Usually, I am someone who just needs five people to say that something can't be done, and that will be a good enough reason for me to do it. The sense of the challenge of what can't be done has always appealed to me. But what inspired me is an incident that occurred in the 1970s. I was driving on the highway when I saw a young man lying unconscious on the road. He was completely knocked out. When we asked him what had happened to him, he said that he had been walking back to his home that was 150 km away because he didn't have a job. Hearing this, I gave him some money to cover his bus fare, and I was thrilled that I could help him. When I told my father about what I had done, he ignored me. He did so even when I repeated myself. When I said it a third time, he turned to me and said, "What are you saying? These millions of people in India have made your entire TVS group, and you think you have done something big? You have done nothing". Then, I realised that all of us are standing on the shoulders of millions of Indians who have brought us to where we are today. The least we can do is bring at least one Indian to come to a better status. These two things combined — a higher calling and a need to do something different — made me realise entrepreneurship was my svadharma.

> *Top-notch talent of today understand the differential between valuation and value creation.*

It was only later in 1992-93, when we sold TVS-Whirlpool to Whirlpool, that I realised that even though I wanted to continue with entrepreneurship, I didn't want to do it in the traditional way of trying to make an organisation bigger and bigger. Instead, my idea of entrepreneurship was to start something, bring it to a certain level, and then pass it on to someone else. This thought solidified further in my head when I was introduced by a good friend to a panel as a "serial entrepreneur" at a TIE event in Bangalore.

You have been a part of the family environment as an entrepreneur, but you have also groomed first-generation entrepreneurs. How do you distinguish between these two classes of entrepreneurs?

In my mind, they are the same. However, one thing that differentiates them is the fact that people who are natural entrepreneurs automatically, on merit, earn the validation of their investors, peers, and competitors. However, next-gen members of family businesses don't have a similar validation process. I, therefore, suggest that parents who are thinking of bringing their next generation into the family businesses should think like a Private Equity (PE) or a Venture Capital investor and consider whether they would invest their money in their next-gen as an entrepreneur. Based on the assessment, parents should groom their children for the family business just like a VC would groom an entrepreneur, or a business would groom its managers.

Don't you feel that the next-gen is a little handicapped because they have to carry the family legacy and values in the business, while a new generation entrepreneur starts with a clean slate?

Any balance sheet that has a liabilities side also has an assets side. Considering family legacy and values as liabilities, we must realise that the next-gen of family businesses also receive several assets. On the other hand, new entrepreneurs may not have the "liabilities" but they also don't have the matching assets. So, it's a tradeoff, and the next-gen entrepreneur must think holistically about whether the liabilities are more than the assets.

Do you suggest that families or elders reassess how they can create conditions for the next-gen to become entrepreneurs?

Family elders must conduct a clinical assessment of the next-gen and put them into one of the following three buckets:

- Their next gen may be individually successful on their own, in a non-business way, or
- They may be good stewards and conduct the business well, or
- They may be entrepreneurs in their own right.

Once that is done, families must prepare the ground for their next-gen to be launched. Parents must become VCs and clean up their portfolios because the worst thing a parent can do to their children is giving them an unsatisfactory business. I'm more and more convinced that the VC mindset of a parent of liquidating some of their businesses and converting it into cash, then dividing it among their children and donating a large part of it to society would be a very sensible way to think about business in today's world.

Most enterprises cannot unlock their value like a VC; therefore, there would be a need for business continuity as it is. How should such businesses nurture entrepreneurship in the next-gen?

People have to think way ahead of time and work back. The mid-market is seeing a lot of Mergers and Acquisitions, and there is more of an active mindset to sell businesses than ever in India. The Rs. 5 to Rs.25 crore EBITDA group worries me because beyond that, i.e., in the Rs.50 to Rs.150 crores category, there is still a possibility of a sale. However, for the former, such businesses must think ahead of time.

In today's world, entrepreneurship is driven by valuations and not profitability. We see many start-ups closing down and investor money being burnt out. What do you say about that?

The profit versus valuation curve depends on where you are standing. If I look at CredAvenue, we paid a valuation of 50 times the revenues for a company that was not profitable because we were seeing it ten years in the future and seeing it as highly scaled and profitable. On the other hand, we could have been standing ten years ahead of time and seeing it as non-profitable. We may also think that because this company has something that no one else has, it would be possible to sell it at a big multiple to someone who will absorb it and make it profitable. These are two different paths that both lead to the same conclusion.

It is better to be idealistic in your foolishness than to be trivial

I will also add that these days there is a tendency to conflate valuation and governance to say that the crazy valuations of certain companies caused bad governance, in their need for greed. However, I suggest you don't let the corner stone incidents in Zilingo and BharatPe decide whether there is a quality of good governance in venture capital. Not only venture capital firms seized with importance of good governance in India, but, even the top-notch talent of today understand the differential between valuation and value creation. Very few of them are chasing valuation only for its own sake; most—we call them AAA founders at TVS Capital—are doing value creation. They want a higher valuation but see value creation as their primary job.

What was your motivation to make the leap of faith to move from being an entrepreneur to mentoring new entrepreneurs?

What moves me is a desire to make a larger impact in society, maybe in the form of a product that wasn't there before. For example, when I came back from college in America—where the personal computer had been introduced—I realised that while American Airports were driven by use of computers, most airports in India were still doing things manually, leading to quarrels by irritant passengers in front of counters every day as their names are missing from the manifest. I knew then that I wanted to make computer peripherals. I wanted Indian Airports to be automated with printers, keyboards, computers, displays, UPS etc. So, this rush to do something better has always inspired me, and it continues to do so.

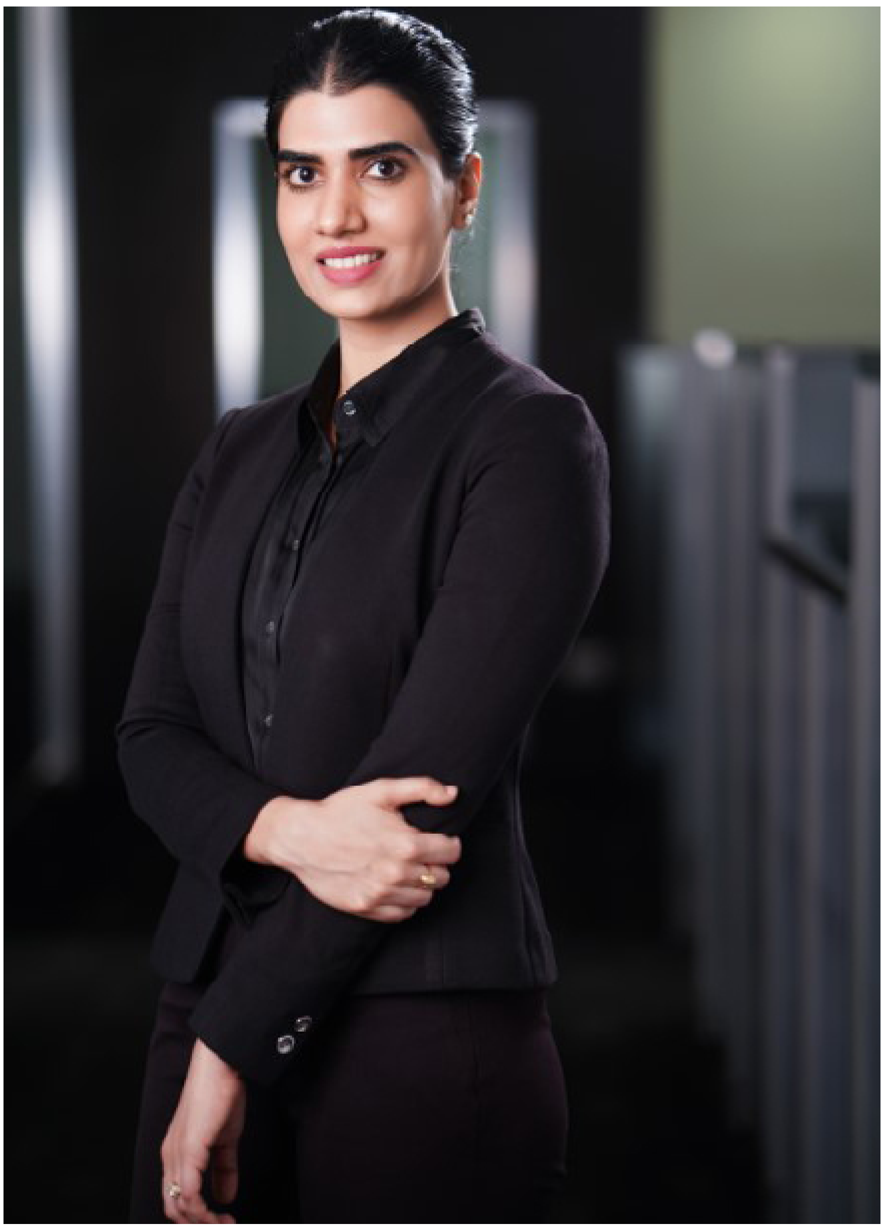
I always tell people that once they have secured their and their family's financial security, they should do what naturally inspires them. Because if we don't do what inspires us, we will shrivel and die. What inspires me is to make India better. It gives me joy and happiness, which is why mentoring new entrepreneurs became my calling.

Does your extended family make you feel that they have benefitted from your attitude toward mentoring entrepreneurs, or do they feel you should have concentrated more on the family business?

Our family has space for all kinds of people because it is a large family and business. Some members of the family, who thought what I was doing was valuable, would come and talk to me about their businesses. Others who thought this was all an idealistic pursuit didn't involve me as much in their business. Nevertheless, I believe it is better to be idealistic in your foolishness than to be trivial, which is why I am content with my path. •

Aparna Reddy
Executive Director
Aparna Enterprises Ltd (AEL)

The 360-degree growth mindset



Aparna Reddy is the Executive Director of Aparna Enterprises Ltd (AEL), the flagship company of Aparna Group, which has grown to become one of the leading players in the country within the building material segment.

She is the recipient of the **'40 under 40'** award by Times group in 2021, the **Black Swan Award for Women Empowerment** by Asia One in 2020, India's **Most Inspirational Leader** by White Page India in 2019 and the **'Women Entrepreneur'** award by Zee Business in 2018.

She has been closely involved in streamlining the company's highly diversified operations and she heads the Finance, IT, Strategy, Marketing and HRM functions for the company. Due to her unrelenting drive for setting high standards, AEL has sustained multi-fold growth year-on-year.

Aparna holds a degree in Electronics and Communication Engineering from Muffakham Jah College of Engineering & Technology (MJCET) and has done undergone a Master's program at the Indian School of Business. She also draws inspiration from her highly successful father. Apart from work, she loves to spend as much of her time as possible with her three young children.

Even as a teenager, you were sure that you wanted to join your family business. What were the factors that convinced you that you wanted to be in a brick-and-mortar business, literally?

Like any other professional field, this business too has its own set of challenges and opportunities. I could develop an understanding of the business very early, which helped me in identifying opportunities to grow the business.

Your father, Mr. SS Reddy, is your inspiration. Tell us about a few leadership lessons that you have learnt from him.

Learning is a continuous journey, and I was fortunate enough to have the opportunity to learn many important lessons from my father, both before and after joining the business. The biggest learning of all was to develop a 'long term vision'. Considering the long-term in every decision is something which is the core thought we follow and what has, in fact, fueled the extensive backward integration in our organisation. Another important lesson that I learnt from him was perseverance which is a basic prerequisite for long-term growth.

What are your learnings from the leadership experience at Aparna? How do women leaders contribute as family business leaders?

Leading a business teaches you a lot of things. One needs to be very cautious in taking decisions, as even a small policy change can steer the organisation into an unpleasant situation. One also has to manage a lot of pressure as everyone looks up to the leader for the right guidance and decisions, irrespective of gender and expertise . Because of their basic nature to establish greater and effective connections with people, women leaders bring a dynamic approach to managing the business and operations and thus are able to make their mark across different businesses.

What are some initiatives spearheaded by you that brought significant changes to the family business?

I joined the organisation with 360-degree growth in mind, which has fueled the vertical and horizontal expansions during the past 10 years. During this period, we have been able to transform the business from a trading only unit to a manufacturing unit that has manufacturing as its core business operation. We focused on developing and enhancing manufacturing and operational capabilities to strengthen product offerings. We also worked on new associations which helped in launching new product lines and expanding our product basket significantly. At the same time, we also worked on expanding our product reach from several states to the entire nation. The initiatives we took are working well and contributing to the organisation's overall growth.

Considering the long-term in every decision is something which is the core thought we follow and what has, in fact, fueled the extensive backward integration in our organisation

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

ISB has helped me in sharpening my business acumen. Being a leading business school in the country, ISB was effective in imparting knowledge that helped me to understand and manage different departments in the organisation. As cohesive efforts from all departments are one of the basic requirements for an organisation's growth, it has helped me in efficiently managing the company. •

Vanitha Datla
Vice Chairperson & Managing Director
ELICO Limited

Spreading wings **despite all odds**

Vanitha Datla is the Vice Chairperson & Managing Director of ELICO Limited – market leaders in the Analytical Instruments Industry, especially in the domains of Electro-Chemistry, Chromatography and Spectroscopy. She started her career in her maternal grandfather's family business, the Raasi Group, as the Managing Director of Raasi Finance and Investment Limited and later continued with her brother in his cement business - Anjani Portland Cement Limited as Director Finance. She also became the first Chairperson of CII Telangana in August 2014, where she played a pivotal role in ensuring gender-related equality. Vanitha is currently enrolled in the Executive Doctoral Program in Business (EFPM), Indian School of Business (ISB), Hyderabad.

While initially aligning yourself to societal expectations of being a daughter, wife, daughter-in-law, and mother, you later spread your wings and found your path. What changed in between?

While growing up, I was conscious of the fact that women with professional careers were more respected as compared to homemakers. I had a natural affinity towards the medical profession since my father was a doctor. However, my childhood aspiration of becoming a surgeon like him never materialized. I got married at a young age and moved to the United States. There, I was influenced by the independence that youngsters had, which was in direct contrast to what I had experienced while growing up. I also worked there and getting my first paycheck made me realize the subtle power of financial independence. This was when I decided that just being a homemaker was not something that I wanted to do.

Raasi Group founded by your grandfather in the 1980's, employed very few women usually as stenographers or front desk assistants. Tell us about your experience of being one of the few women in the industry?

When I approached my grandfather for an opportunity to work with him, he made me the Executive Director of Raasi Finance and Investment Limited (RFIL) in 1994, which, as per him, was one of the least troublesome places for a woman. He did not consider me for any of the core manufacturing industries such as cement, ceramics or refractories, which are all highly male-dominated terrains.

When I joined my brother's company—Anjani Portland Cement Limited, a few years later and occasionally had to travel to the factory site, I remember feeling a lot of trepidation since I would usually be the lone woman in the group. Limestone mines, cement production and cement packing areas are very dusty and noisy, manned by male contract labour, who are not used to visits by female executives. They would stare at me in confusion, wondering what I was doing with the male executives. I would often be called 'sir' instead of 'madam' by many employees, especially at the factory site, to whom 'sir' came more naturally.

> ***I learnt to pick up the positives from every situation and build upon them – a trait which has kept me both grounded and allowed me to extend a helping hand wherever possible***

Since I was heading the finance department, I used to get invited to a lot of bank customers' meetings. I would again be the only lady networking at these meetings and would often silently leave after the initial round of introductions since most other male participants would mostly converse with each other, not finding much in common with me.

When you joined the Raasi Group, it was going through a difficult patch, culminating in its hostile takeover by a competitor. As a young, inexperienced woman, how did you tide over those years? When you reflect, how did that experience change you?

When I joined RFIL, there was dissonance in the family dynamics, which ultimately resulted in a hostile takeover, with all the members of the family going their separate ways professionally. Luckily for me, I joined my brother, who was pitching to take over a sick cement unit, and eventually ended up working with him for close to a decade.

Personally, and professionally, I have grown from my experiences and they have made me emotionally mature to handle all sorts of challenges. The impact of the pandemic has shown how resilience can overcome most difficulties, but I learned to be resilient and stable from my early professional experiences because I knew the moment I complained, I would be asked to quit. Therefore, I learnt to pick up the positives from every situation and build upon them – a trait which has kept me both grounded and allowed me to extend a helping hand wherever possible.

How did you overcome the challenges of working in a highly technical industry such as Elico without having the requisite technical skills?

One of the most misconstrued aspects of working in highly technical industries is that one needs to have domain expertise. But what I realized is that every person brings their unique skill set to the talent pool that helps the company progress. While I may not be technically qualified in the analytical instrumentation domain, my mindset for continuous learning helped me understand the nuances of this field. The ability to collaborate coupled with the humility to learn from my colleagues has helped open up many doors for me. I also bring a different dimension to the discussions with my financial and managerial domain knowledge, which has helped the purely technical team get a bird's-eye view of the ongoing projects.

You were one of the early woman business leaders who got actively involved in industry forums, which was also primarily a male bastion in the early 2000s. Tell us about the journey of joining industry forums to get exposure and then becoming the first Chairperson of CII Telangana in August 2014, influencing policy decisions around the industry,

economy, investments, and especially gender-related issues.

One way I have been able to add value to my company is by introducing the critical aspects of corporate branding and visibility, which has only become possible because of my involvement with many industry forums. For this, I have my husband to thank, because while I was working at Anjani Portland Cement Limited, he would encourage me to attend programs hosted by various industry forums to gain a broader knowledge of the economy. Though I was one of the very few women in these conferences and seminars, my outspokenness and relevant views caught the attention of some of the senior members of the Confederation of Indian Industry, and when the question of leadership was being discussed, my name was shortlisted for the position. I was taken by surprise. Initially, I had serious misgivings about my ability to handle the role as it entailed interacting with government officials, as well as representing the industry on various platforms. In retrospect, I feel others saw my leadership qualities while 'Imposter Syndrome', which made me feel inadequate and unsuitable for various responsibilities, burdened me. The entire two-year term as the state chair of CII was a crash course in learning to lead, negotiate, collaborate, empower and be the voice of the underrepresented and underserved, which helped me evolve as an empathetic leader.

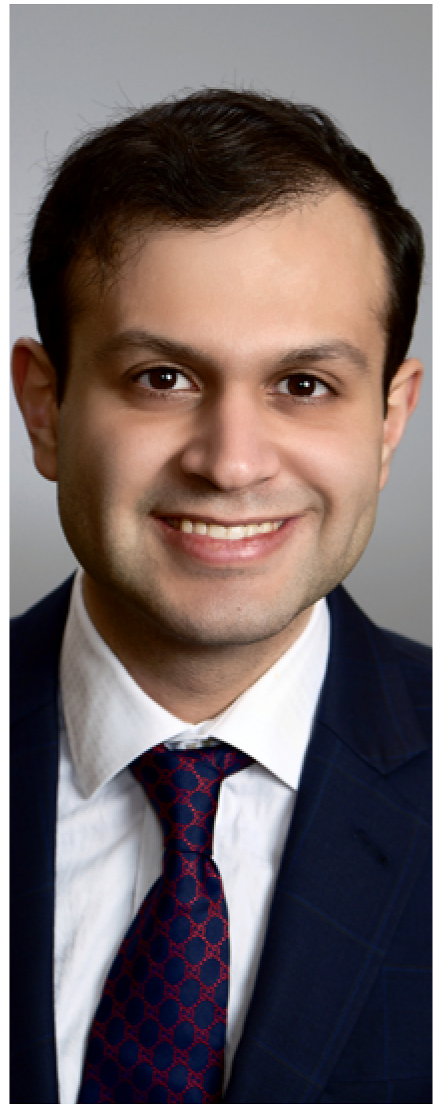
I also bring a different dimension to the discussions with my financial and managerial domain knowledge, which has helped the purely technical team get a bird's-eye view of the ongoing projects

During my tenure, I came to realize that even educated, qualified and experienced women in the workplace face a lot of gender biases which unfortunately go unnoticed and unchanged. I began calling out instances of discrimination and highlighted the absence of gender-related equality in various forums.

From someone who went with the flow, discontinued graduate studies, and was predicted to remain academically unqualified, to now pursuing the Executive Fellowship Program in Management (EFPM) at ISB, you have come a long way. Tell us about this journey and the decision to pursue the EFPM.

I distinctly remember that in high school, a classmate examined my palm and finding my education line to be almost negligible, forecasted that I wouldn't graduate and in fact would probably get married in my teens and become a homemaker. Her casual remarks hurt me a lot as I aspired to become a doctor like my father. When I got married at eighteen and discontinued my undergraduate studies to move to the US to live with my husband, I was sure that my classmate's prediction was coming true. In the US, I took courses that interested me at the university where my husband was pursuing his master's program, but I didn't have the time to complete an undergraduate program. When I moved back to India with two children, I settled into domesticity, but the niggling thought of only having a high school qualification unsettled me. At the first opportunity, I got myself a Bachelor's degree in Economics.

After joining RFIL, I felt poorly qualified to do justice to my position, so I applied and got admission in the two-year full-time CFA-PGDBA program. Of course, the two years were a major challenge as I juggled full-time student requirements along with full-time motherhood, but I graduated with flying colours. I contemplated pursuing a PhD program after that, but destiny brought the right program to me in the year 2020, when I became aware of the Executive Fellow Program in Management at the Indian School of Business. The journey so far has been enriching and insightful, as it has taught me to analyze issues in a more scientific and evidence-based manner, which has proved beneficial in evolving my managerial skills. •



Burjis Godrej
Head of Strategic Projects
Godrej Agrovet Limited (GAVL)

"Shirtsleeves to Shirtsleeves in three generations" – **Not so for Godrej!**

Mr Burjis Godrej is the Head of Strategic Projects at Godrej Agrovet Limited (GAVL), where he currently focuses on agrochemical projects for both Astec LifeSciences and GAVL Crop Protection businesses. His role involves the evaluation of products, synergies, technologies, business models and geographies, engagement of consultants and preparation of Capex plans. He was appointed as an "Executive Director" of GAVL in November 2022.

He first joined GAVL in 2017 where he worked on the development of new products in the strategy division. His role involved monitoring R&D activities, product quality improvement, new product trials and innovation partnerships with external organisations. Before joining GAVL, he worked for Conservis Corporation, a firm that provides software for farmers (now a Joint Venture between Rabobank and Tellus Corporation). His role there involved overseeing software implementation, customer success, water quality monitoring and sales development. He completed his MBA from Harvard Business School in 2021.

Burjis speaks to the team of Family Enterprise Quarterly on his journey at GAVL and his experiences of being a Godrej family scion.

Before joining GAVL, you had worked in varied fields such as hydrology, marketing and innovation, environmental consulting for not-for-profit organisations, and software implementation for farmers. How and when did you decide to join the Godrej Group? Was it by choice or was it a fait accompli?

Before I joined the business in 2017, I had gained a diverse range of educational and work experience in the environment sector which ranged across energy, water and agriculture. Post joining GAVL in 2017, I realised that a deeper knowledge of broad business fundamentals would complement my industry knowledge well so I decided to get an MBA. The MBA has been extremely helpful in honing my strategic thinking and advising others in the business on how they can continuously improve their performance.

I've always liked the idea of social entrepreneurship and Michael Porter's concepts of "shared value" and "doing well by doing good". Why should it be an "either-or" question of "a career helping society or a career focused on profit"? It's a false dichotomy. In my case, I became very drawn towards our Agrovet business when I was in college because of my interest in sustainability and nature. Agriculture is a key medium to improve the environment, socio-economic development and health, so joining the Agrovet business seemed a great way to contribute to Godrej and society.

Can you please elaborate on the role played by the family in the grooming, induction, and succession of the next generation members?

Family members in my generation are now encouraged to work outside the business for some time so that they acquire outside experience and broaden their horizons. Once in the business, they go through the same induction process as other employees with group workshops and one on one meetings with key stakeholders for their assignments. We have to report to a non-family member and we start in a mid-level role. We are subject to the anonymous 360° feedback process like any other employee. After demonstrating experience and knowledge, we can be elevated to a board role. If we can contribute successfully there, we can become the chairperson of a company.

I've always liked the idea of social entrepreneurship and Michael Porter's concepts of "shared value" and "doing well by doing good". Why should it be an "either-or" question of "a career helping society or a career focused on profit"? It's a false dichotomy

Family members are encouraged to join some aspect of the family business and see if they would like to continue in it and chart out a solid career path there for themselves. However, if their passions lie elsewhere, they are welcome to pursue other opportunities. They can always become involved shareholders without having board or management roles.

If a family member wishes to become the CEO of a company, the process is much more rigorous and they are required to show success in being the CEO of several smaller P&Ls first. In general, the combination of family members being responsible for the governance and strategy activities as board members, while relying on outside professional managers for the chief operational roles is preferred.

A 4th generation constitution is also being worked on that will spell out shared values, goals and purpose of the next gen members. Family lunches are organized at the office to catch up on business and other matters. The next gen members all take ownership of specific businesses and corporate departments but also include other members to explain what they are doing.

As a member of the Godrej family, there must be immense family and societal expectations. How do you deal with them?

There are definitely big shoes to fill! The senior generations and those older than me in my generation have made significantly distinct contributions to the group. They have done so by playing to their various strengths and interests. Growing up in this family brought a lot of pressure on me to both uphold the strong Godrej values that make the company unique and to get a strong education that prepared me for working in the business.

Godrej is a diversified conglomerate so being able to craft a distinct niche within it takes time. I had to develop depth and skill in a subject while also taking ownership of all aspects of the business. Building credibility and respect always takes a lot of time and can be lost quickly with just one wrong move. The expectation is that one will ask perceptive, appropriate questions while giving compelling, credible answers when asked. That one will listen patiently and learn from the wisdom and experiences of others, while also promptly speaking up when something goes wrong. There is definitely tension and pressure associated with all these expectations.

Yet, there is also so much to be calm and confident about. My education and support system are excellent. As long as I utilise my time well and build strong relationships, I will learn and grow. I'm blessed to have an incredibly talented group of dedicated employees who love our company's culture. I can always count on goodwill from our stakeholders because of the company's inclusive and socially conscious value system. Being based in India also helps as we are a fast-growing and reforming economy unlike other parts of the world that are struggling with deeper economic strife and stagnancy.

The Godrej Group has beaten the adage, "From shirtsleeves to shirtsleeves in three generations." You are the fourth generation of the Godrej Group and the pressure of performance must be immense. Does it bother you and how do you overcome the pressure?

The pressure is immense but I follow a few simple principles that improve the likelihood of success:

1. Don't be upset if a decision goes wrong, as long as you thought it was the right one at the time you decided, given the information and time you had.
2. Prepare for multiple scenarios and not only for the most optimistic one! Be cautiously optimistic – imagine what the worst situation could be and plan for it. Ask yourself if you are comfortable with the worst-case scenario happening but also think about what the probability of such an event taking place would be.
3. Encourage people to speak openly and frankly about problems regardless of hierarchy and position in the organisation. We like to say in Godrej – "Bedhadak bolo, behichak bolo aur bindaas bolo" [read: speak without fear, speak without hesitation, speak freely] and "minds on the margin are not marginal minds".
4. Be a team player and think neither too much nor too little about yourself. Focus all your energy on how you can help yourself and your team drive results and create a healthy culture.
5. The Mahabharata has an impressive line that translates to – "Be attached to action for the sake of action. Be neither attached to inaction nor the fruits of action". We often see people falling into these last two extremes – those who are lazy and undisciplined or those with vanity-driven reckless empire-building ambition. A true karma yogi leader will fall into neither of these traps. Instead, he or she will follow virtuous habits and be dedicated towards business excellence. Success will follow that.

Encourage people to speak openly and frankly about problems regardless of hierarchy and position in the organisation. We like to say in Godrej – "Bedhadak bolo, behichak bolo aur bindaas bolo" [read: speak without fear, speak without hesitation, speak freely] and "minds on the margin are not marginal minds"

As a young Executive Director, how do you navigate older employees who have more experience?

Older employees bring experience and wisdom to the table. I trust them to do their job well and I give them plenty of space. I follow an "hands off, eyes on" approach for all business areas that are outside the purview of the family, while monitoring results and making suggestions.

The only area I think I can add a little more value to is to make our team aware of any latest research and to introduce them to the knowledge I have gained from my recently finished education. This knowledge is useful on the strategy and management side as well as the innovation side.

Kaveri

Ranchi's favourite purveyor **of taste – Kaveri**

If you were visiting Ranchi, the state capital of Jharkhand and happened to ask the locals for food recommendations, chances are their answer would be, Kaveri. Over the last four decades, the restaurant has become a local institution of sorts when it comes to having a great culinary experience in the city. Serving vegetarian Indian food, it is the go-to for those looking to celebrate their big and small moments.

What makes this four-decade-old restaurant stand apart from others, is not only its longevity, in an industry notorious for its short-lived ventures, but also the sheer nostalgia it evokes amongst its patrons. Ashwani Kumar Bhatia, the family business owner and leader, has a treasure trove of instances where people have met him and recounted tales of eating out at Kaveri as kids. He fondly recalls the incident where a woman who had been living for many years in Australia instantly recalled Kaveri when her son asked her to guess where he was on a video chat.

This family-run business has its origins in a small sweet shop called Punjab Sweet House which the family patriarch had set up after fleeing from Pakistan post the partition in 1947. Bhatia, his grandson, credits him for the lessons of hard work and perseverance that have transformed the small sweet shop into a chain of restaurants and hotels.

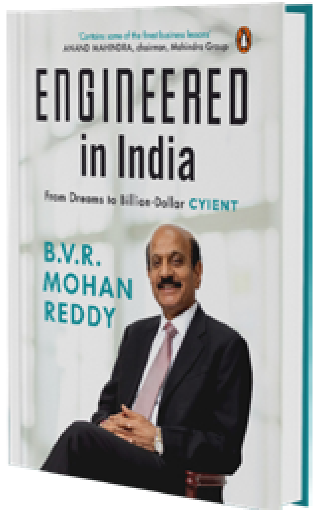
Their first foray into the restaurant business was with a restaurant called Havmor in 1970, Kaveri opened its doors for customers in 1989, and the first hotel, Capitol Hill, started in the year 2000. Currently, the family's portfolio of business includes 9 restaurants and 2 hotels apart from their catering business. The business is managed both by the third and fourth generations of the family, and they plan to increase the scope of the business by venturing into the packaged foods and the ready-to-eat food business.

Mr. Bhatia can still recollect the tastes and preferences of his celebrity customers, a list that includes PM Narendra Modi, former President Ram Nath Kovind, former PM Atal Bihari Vajpayee, former BJP President LK Advani, actor Dharmendra, former steel minister KC Pant, industrialists Ratan Tata and BK Birla and his wife Sarla Birla, amongst many others.

Mr. Bhatia and his brothers had no formal training and learnt the ropes of the business by getting involved in the business at an early age. However, the fourth-generation members all have degrees in hotel management from reputed institutions and are the ones driving changes towards the modernisation of the business. As Mr. Bhatia points out, till a few years ago they were a cash-only business and it was only at the insistence of his sons and nephews that they started accepting card payments. The family is also planning to centralise the kitchen operations to maintain the quality and taste across their restaurants.

The business is transforming in many ways, but some things remain unchanged. The décor of the flagship restaurant, for instance, has remained the same since it opened, and as the loyalists would argue, so has the quality of the food and its taste. Mr. Bhatia attributes this to a mantra that the whole family abides by – the quality of the food can only be as good as the ingredients. The family takes painstaking care in sourcing quality ingredients with some key ingredients manufactured in-house. Amongst the food experts working in the kitchens, there are many who have worked in the kitchens since the time the restaurant started.

When quizzed about whether the family would think of diversifying away from the food business or increasing their geographical reach, Mr. Bhatia maintains that they would like to concentrate on the food business and remain in areas within close proximity to Ranchi. He, however, is quick to add that in future if his sons and grandchildren would like to diversify, he would not stop them. However, for him and his brothers, the food business is the memory of his grandfather which he would treasure and nurture all his life.



Engineered in India: From Dreams to Billion Dollar Cyient

BVR Mohan Reddy

If a group of new IIT graduates are asked what their professional dream is, a majority will probably admit to nurturing 'entrepreneurship' as a dream. This is the situation in the year 2022 when successful entrepreneurship stories are dime-a-dozen. Now imagine another IITian—one who dreamt of becoming an entrepreneur in the 1970s, but in whose family, entrepreneurship had never been heard of. Imagine how this man, who lacked the experience and capital needed to realise his entrepreneurial dream, ends up creating a multi-national billion-dollar technology enterprise. You don't have to stretch your imagination too far, because BVR Mohan Reddy, founder and executive Chairman of Cyient (formerly Infotech Enterprises), is that man and his book "Engineered in India" narrates how he methodically and strategically went about making Cyient the success that it is today.

For first-generation entrepreneurs, this book is a rich resource on entrepreneurial dos and don'ts. For example, a dilemma that many first-generation aspiring entrepreneurs face is how to start a new venture when you lack both the work experience and the capital for it. As per Mohan Reddy, you become an intrapreneur until you can become an entrepreneur! That's exactly what he did – he started his professional life by working with a so-called Lala company, managing a team

For first-generation entrepreneurs, this book is a rich resource on entrepreneurial dos and don'ts

of 300 shop-floor workers. While he worked there, he acted as if it was his own shop – all his actions and decisions were based on the assumption that he was working for himself. He worked for other people for another 18 years with a spirit of curiosity, resourcefulness and intrapreneurship until the day finally came to start his own venture. On that day, all the lessons learnt over the years came in handy.

Another great lesson for new entrepreneurs in this book is the importance of being in the right place at the right time and making the most of such opportunities. In the 1990s, when the Indian economy started to liberalise, Mohan Reddy started outsourcing engineering services from India, by launching Infotech Enterprises (now renamed Cyient). He had a simple idea – to create Geographic Information Systems (GIS) by converting paper-based maps to digital databases. A simple idea which shows his prescience, since today no one can imagine driving a car without a GPS-based navigation system. Mohan Reddy foresaw a need then and made it the bedrock on which he built his company.

Where the book really sparkles is when Mohan Reddy narrates interesting experiences from his own life and from Cyient's journey to become the success that it is today. From the inner workings of Lala companies, to his early forays in the tech world with MICO Bosch, to handling customer relationships for HCL, to learning how to take feedback while launching his start-up, Mohan Reddy has a funny anecdote to tell for each of these steps in his professional journey. It is these personal touches which keep the reader engaged till the very end. ●

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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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