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Family Enterprise *Quarterly*

Editor's Desk

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We are delighted to present the 10th issue of the Family Enterprise Quarterly. First and foremost, I extend my sincere gratitude to all our readers for their ongoing support and valuable feedback. Your engagement continually motivates us to delve into fresh territories, ideas, and notable figures shaping the landscape of family businesses. As we have sincerely attempted in all previous issues, we are presenting here a carefully researched and curated bouquet of experiences, insights, knowledge, and wisdom with a hope of stirring your mind.

Many of you would be familiar with the proverb on the longevity of family businesses—"shirtsleeves to shirtsleeves in three generations. It's often traced back to a study of manufacturing companies in Illinois during the 1980s, revealing that only a fraction of family businesses manage to transcend beyond the second and third generations. This time we have chosen the "Global Story" that has, however, defied this convention—Kongõ Gumi stands as the world's oldest family business, proudly passing the leadership baton through an astounding forty generations. Its enduring legacy serves as a testament to the significance of tradition, innovation, and steadfast dedication to quality craftsmanship.

In our "From the Bookshelf" section, we spotlight the book Beyond Three Generations: The Definitive Guide to Building Enduring Indian Family Businesses authored by Navas Meeran, M.S.A Kumar, Firoz Meeran, and George Skaria. This book offers a comprehensive exploration of the challenges and strategies essential for scaling and sustaining family businesses across generations, focusing particularly focus on Indian micro, small, and medium enterprises (MSMEs). Arun Bharat Ram, Chairman Emeritus of SRF Ltd, further explores this theme in his exclusive interview featured in the CXO section. He underscores the dual role of a family business leader in both managing the business operations and fostering harmony within the family. Additionally, our case study on Zee Entertainment and Essel Group—A Quest for Legacy and Beyond (A)—sheds light on an important aspect of multigenerational sustainability for family enterprises, i.e., the risks associated with a diversification strategy lacking sound strategic logic, planning, comprehensive risk assessment, and preparedness.

In the "Legacy Builder" segment, we celebrate the remarkable journey of Sri Bhaskarrao Govind Sandu, whose unwavering dedication to holistic healing and visionary leadership propelled Sandu Pharmaceuticals to global recognition in the field of medicinal Ayurveda.

Scoops and Cream Stone Ice Cream Concepts feature in the "Regional Vintage Icon" segment for this issue, having delighted generations of Hyderabadis with their delicious frozen treats. In our "Thoughts from Alumni" segment, Rahul Agarwal, the founder of Ideal Insurance, shares valuable insights gleaned from his diverse experiences that have influenced his approach to managing a family business. Joining us in the "Next Gen" segment is Krishna Chaitanya, who has transitioned from his role at Dr. Reddy's Laboratories Ltd to join his family business at Laurus Labs. He discusses the essential elements of an effective onboarding process for the next generation of family members. Furthermore, Priti Rathi Gupta, the founder of LXME, is featured in the "Women in Family Business" section, where she reflects on her journey of empowering over 200,000 women to improve their financial literacy and achieve financial independence through prudent savings.

This issue also provides summaries of three research articles: "Over My Dead Body: Wives' Influence in Family Business Succession", "Multilayered Socialisation Processes in Transgenerational Family Firms" and "Sacralization and the Intergenerational Transmission of Values in Cadbury". Finally, the "Do You Know" offers key takeaways from the 11th Global Family Business Survey conducted by PWC. We hope you enjoy reading this issue of the Family Enterprise Quarterly as much as we enjoyed putting it together for you.

Happy Reading and Reflecting!

Contents

Mediation in family business disputes: A holistic approach beyond failed negotiations

The Indian Parliament's Mediation Act of 2023 brings in focus mediation's value in family business disputes, for its emphasis on confidentiality and voluntary participation. Mediation offers swift, cost-effective and inclusive solutions, as well as the reframing of communication dynamics for harmonious resolutions. Legally protected settlements carry equal validity as court decrees, demonstrating the growing recognition of mediation's efficacy. Embedding mediation in dispute resolution clauses can help family businesses in achieving lasting success and harmony. ●

(Source: Financial Express, 3rd March, 2024)

Viewpoint by ThS_CFE@ISB

To ensure the longevity and harmony of family enterprises, mediation must not be a mere consideration but an unequivocal imperative. It is the proactive and strategic approach that transforms disputes into opportunities for constructive dialogue, steering family businesses away from the destructive path of litigation.

Family entrepreneurs' rise and fall

Family entrepreneurs, such as Naresh Goel of Jet Airways and Subhash Chandra of ZEE, have been able to achieve remarkable success through their entrepreneurial acumen and managerial expertise. However, this journey can often take a downward turn due to a failure to seek advice from family and friends, an inflated sense of self-importance, and a disregard for warnings. To prevent such downfalls, it is recommended to implement a comprehensive governance framework that involves family, friends, funders, and boards. This framework promotes responsible financial practices among funders and strengthens board oversight, which ultimately safeguards the wealth and reputation of family entrepreneurs while recognising the broader societal impact of their achievements and setbacks. ●

Viewpoint by ThS_CFE@ISB

High-quality family entrepreneurs are important not only for themselves and their families but also for society at large. It is critical to prevent them from taking the suicidal path of self-destruction. This is not possible with conventional family or corporate governance alone. What is required is a multi-pronged approach that addresses the slippages on both family and business fronts.

(Source: Financial Express, 15th March,2024)

Navigating Succession Storms: A Mediation Odyssey in Family Business

The sustainability of family enterprises in India faces challenges from gender dynamics and succession disputes. Mediation emerges as an important tool to avoid legal battles resulting in intra-family lawsuits and preserving harmony. A real-world case study illustrates how, through mediation, succession issues in a multi-generational business were resolved amidst divergent paths, a downturn, and in the absence of a will. Despite tensions, the mediation managed to settle matters before the mother's demise, preserving family relationships and the business. The mediator's role in communication, emotion management, and negotiation was pivotal, averting collapse and family fractures. This emphasises mediation's value in sustaining family bonds and business amidst adversity. ●

(Source: Financial Express, 11th March, 2024)

Viewpoint by ThS_CFE@ISB

By providing a structured yet adaptable platform, mediation facilitates constructive dialogue among family members, allowing them to navigate emotional complexities and collaboratively craft succession plans that honour both familial expectations and business needs. This approach, rooted in open communication and understanding, offers a viable path to preserving both family harmony and the continuity and longevity of the family business.

"Over my dead body": Wives' influence in family business succession

● Study by Barbara Cosson and Michael Gilding

Wives have remained invisible in family businesses, even though they continue to influence crucial family and business decisions. This is primarily because of the gender-blind world that we live in, which continues to deem women unworthy. Filling this gap, this research draws from thirty-four in-depth interviews with wives of family business owners, to explicate the role of gender in understanding family business succession. Following this, the authors have tried to create a typology of family business wives (based on their encouragement of their children and their personal involvement in the business) and a taxonomy of socialisation practices (immersion, facilitation, extension, support, marital dynamics, and choice), and have subsequently explored the articulation between the typologies of wives and their styles of socialisation.

Typology of wives' influence and their socialisation processes

Pioneers: strong encouragement, strong involvement. Pioneers combine active involvement in the business (mostly as co-preneurs alongside their husbands) and strong encouragement of their children to join the business. They accept primary responsibility for childcare and homemaking while remaining heavily involved in the business. The mother's active involvement enables an immersive family business experience for children in their early years, providing scope for internalisation of family business norms and values. Pioneers insist on active choices from their children rather than passive obligations, both in joining the business and in the manner of their participation.

Doubters: weak encouragement, strong involvement. Doubters are heavily involved in the business but express doubts about their children's involvement. They occupy less powerful positions, whether formalised in reporting lines, where wives report to husbands, or via informal practices, where wives defer to husbands. Doubters are concerned that their children might fail to thrive in the business, which produces deep ambivalence and mixed messages. They are immersive mothers to the children in their younger years, but do not express their agency in this process.

Traditionalists: strong encouragement, weak involvement. Traditionalists do not work in the family business, but they encourage their children to enter the business. They are married into multigenerational family businesses and feel privileged about the business traditions and opportunities that the business provides, but they also have a sense of distance from the decision-making and operations of the family business.

Disruptors: weak encouragement, weak involvement. Disruptors neither work in the family business nor encourage their children into the business. Married into multigenerational business families, they do not believe that children's involvement in the business is the best course of action, thus making them ambivalent towards the family business and succession in the business.

Key takeaways:

- Wives hold immense influence in family business successions across the lifespan of firms.
- Wives exercise a profound influence over their children's vocational choices through advice, encouragement, and role modelling.
- Changing expectations of marriage and family life have amplified wives' influence in family business successions. ●

Source:
Family Business Review 2021,
Vol. 34(4) 385–403
DOI: https://doi.org/10.1177/08944865211051148

Multilayered socialisation processes in transgenerational family firms

Study by Zografia Bika, Peter Rosa, and Fahri Karakas

The socialisation of family members into the family business has been a fundamental concern for scholars and practitioners interested in "continuity" and "succession" in family businesses. Existing theories assume a linear and unidirectional flow of information, roles, values, and norms from the older to the younger generations of family members. Recent research on socialisation, however, views it as a dynamic, interactive, and adaptable process in which people continually realign their expectations and responsibilities, self-reflect, and negotiate their places and roles with others.

This study argues that the socialisation process in family business happens at three levels: internal, interactive, and experiential. This multilayered socialisation process has been explored in an in-depth case study of a four-generational Scottish family construction firm (McKay and Mills Construction Company) to elaborate on the emergence of entrepreneurial socialisation, how it is affected by peer pressures and context, and under what conditions those socialised influence the values of those who attempt to socialise them as they acquire new ways of thinking.

First Round of Family Business Succession: Socialisation via Family Apprenticeship

This is the first round of socialisation, characterised as "internal" and "prolonged", primarily because here, older family members transmit values, responsibility, and knowledge to younger members through on-the-job learning. There is very little questioning since younger generations focus on internalising family business values such as obedience and harmony. The importance of religion should also not be discounted; for instance, in this case, Christian Protestant values of prudence, hard work, self-reliance, and paternalism that prevailed in Victorian Scotland constituted a crucial socialisation force.

Second Round of Family Business Succession: Socialisation Conflicts and Adaptation

The second round is a shorter period and sees a greater transition of responsibility than that of the first, and there is a need to adapt to much more volatile economic conditions. As the traditional values of obedience, loyalty, and harmony are increasingly being challenged by the changing social and economic conditions, successors must develop a hands-off but, at the same time, an egalitarian and collaborative leadership style, empowering people around them, learning from peer pressure, listening to views and opinions, and adapting to the business environment. Moreover, the younger generation learns innovation because of their interactions with educational networks, mentors, industry networks, peers, and other social or professional groups.

Third Round of Family Business Succession: Resocialisation and Iterative Change

At this level, which is characterised by a turbulent environment, family socialisation doesn't guarantee consensus nor do generational encounters appear to influence the process of entrepreneurial self-identification, and family business values are no longer used by actors to describe themselves. Rather, it is the younger generation's own understanding of the self that becomes paramount. As the need for professionalisation increases in a malleable environment, one must resocialise to strategise, which involves engaging in everyday conversations, emotional encounters, role transitions, and sense-making efforts in and out of the family business context.

Key takeaways:

- Socialisation is a long and complex process, spanning across multiple generations and continuing through rapid social change.
- "One size does not fit all." Only some family businesses benefit from traditional, normative forms of socialisation, but others less so.
- In conditions of rapid change, short-term and adaptive socialisation processes may become more influential in driving entrepreneurial change.

Source:
Family Business Review 2019,
Vol. 32(3) 233–258
DOI: https://doi.org/10.1177/0894486519827435

Sacralisation and the intergenerational transmission of values in cadbury

Study by Roy Suddaby, Wilson Ng, Natalia Vershinina, Gideon Markman, and Matthew Cadbury

How do family values endure for decades after an enterprise is no longer a family business? This question is addressed in the case study of Cadbury, a business that was founded in 1824 in Birmingham, England, and which continues to remain a large multinational corporation and the second-largest confectionary company in the world. The secret to Cadbury's longevity lies in the process of sacralisation by which instrumental decisions of an organisation become subordinate to its higher social values. Sacralisation is a major component of the Cadbury values, and it has three key mechanisms: moralisation, communion, and syncretism.

Moralisation is how we use a set of value judgments to distinguish between right and wrong. Cadbury uses the following elements of moralisation:

- humility and temperance, which is reflected through self-restraint and moderation, both in consumption and behaviour;
- prudence, which requires the decision-maker to subordinate the short term for the long term, self-interest for the common good, and to attend more to means than ends; and
- virtue and the good life.

Communion refers to a sense of belonging, affiliation, and community that transcends the individual. Communion is the term used to describe behaviours intended to foster sharing and collaboration at the group level of analysis. A significant portion of Cadbury's history as an organisation, where its workers developed a strong sense of belonging, is infused with a sense of communion. Being employed by Cadbury offered a possibly enduring sense of belonging to an exclusive group and a connection to a set of standards that went beyond any one person.

Syncretism is the blending of traditions, beliefs, or practices that results in a system that incorporates elements from each. The concept of syncretism, of skilfully integrating religious and secular principles into institutionalised norms for engaging in commerce as one would engage with the Church, is a value that has persisted for a long time, both in Cadbury and in Quakerism.

Key takeaways:

- Some values are more persistent than others. Attaching family, organisational, and religious values to universal humanistic principles is an important attribute of the ability of values to persist across time and space.
- For values to persist, they must be seen to be immutable and timeless in practice. Thus, humanistic values would prevail even in the face of short-term losses of economic value.
- Values do not last forever. Even human values that are universal can alter. Thus, family businesses must constantly evaluate the degree of alignment between the values they hold internally and the values that are prevalent in the larger social context in which they exist.

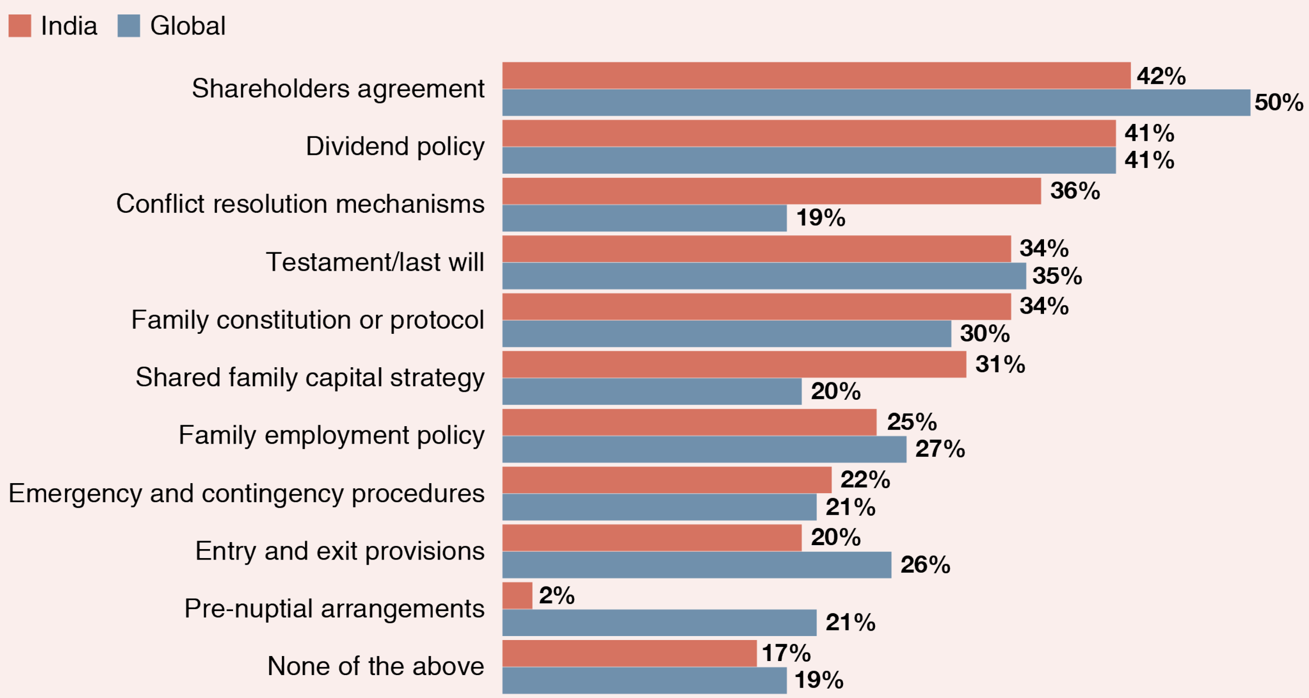
Source:
Family Business Review 2023,
Vol. 36(3) 296–314
DOI: https://doi.org/10.1177/08944865231188788

Do You Know: Knowledge Decoded

Transform to build trust and grow

Trust has consistently been considered a crucial competitive edge, distinguishing family businesses from other enterprises. However, in today's world of escalating polarisation, family businesses grapple with the formidable challenge of preserving the trust that has been the hallmark of their reputation. Preserving the trust premium is vital for realising ambitious growth targets in Indian family businesses. To enhance their performance, Indian family-owned businesses should effectively showcase and communicate their initiatives by increasing visibility and maintaining consistent communication with all stakeholders. In 2023, PWC conducted its 11th global family business survey, involving 2,043 family business owners across 82 territories, including 59 family businesses from India. This survey employed a model identifying four trust pillars: (1) competence (company proficiency), (2) motive (whose interests served), (3) means (fair methods employed for goals), and (4) impact (actual versus claimed effects). The survey findings converge into the latest report, *PWC's 11th India Family Business Survey: Transform to Build Trust and Grow.* The following are the key takeaways from the report:

Exhibit 1: Governance policies in place



Source: PWC's 11th Family Business Survey 2023 India Report

1) Role of Governance Structure in Trust Building

Effective conflict management is crucial in building trust within family businesses. However, only 19% of family businesses worldwide have formalised conflict resolution mechanisms. Indian family businesses stand out with a higher percentage of 36%. It is worth noting that only 30% of family businesses worldwide and 34% in India had a family constitution or protocol in place, which is considered a crucial element of transparent governance for such businesses. Indian family businesses demonstrated a comprehensive governance framework, reflecting diverse implementation levels: 22% were equipped with emergency and contingency procedures, 20% incorporated entry and exit provisions, and a relatively limited 2% adopted prenuptial arrangements. Family-owned enterprises should continuously enhance their policies, procedures, and documentation to promote good governance and establish trust. (See Exhibit 1)

2) Lack of Trust Building Measures

The absence of a clear organisational purpose was a major issue among Indian family businesses, as around 90% of them lacked a definite purpose. It is also concerning that 52% of such businesses didn't communicate their purpose externally, which could result in a severe loss of trust in their employees. To prevent such negative consequences, Indian family businesses need to prioritise the improvement of their communication of company purpose and commitment to ESG practices. Additionally, a commitment to diversity, equity, and inclusion (DEI) is crucial for these businesses to maintain trust and prevent any loss of it. (See Exhibit 2)

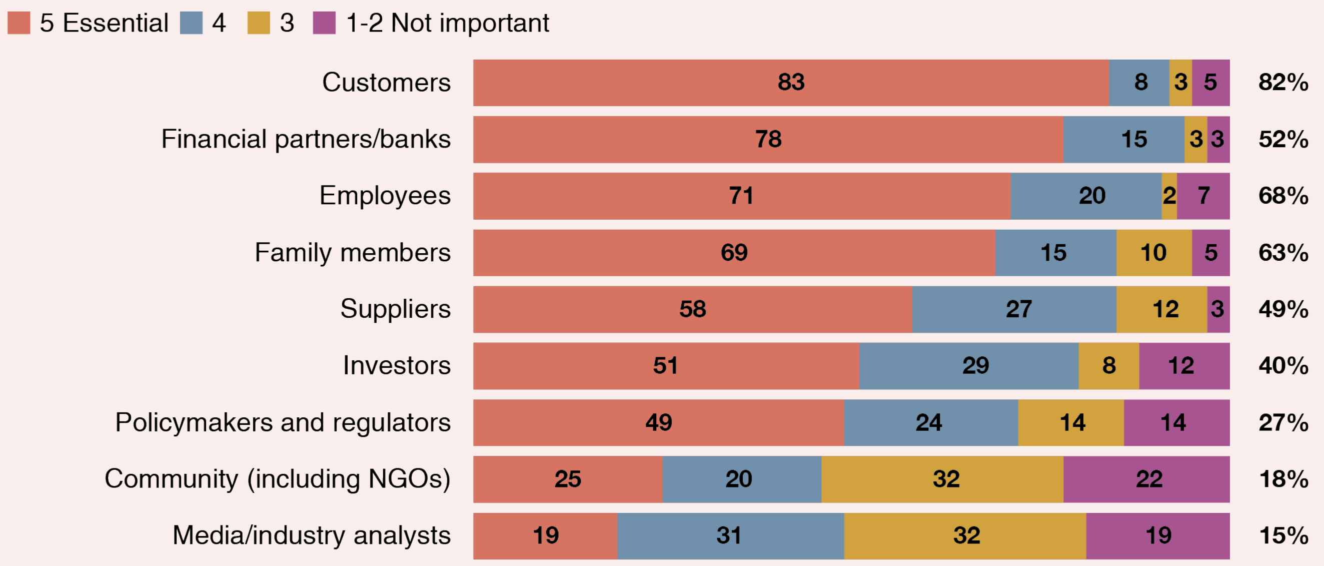
Exhibit 2: Actions required to build trust

Source: PWC's 11th Family Business Survey 2023 India Report

3) Crucial Trust from Customers, Banks, Employees, and Family

Customer trust emerged as a crucial factor for business growth, as reported by 83% of Indian and 82% of global business families. For Indian respondents, financial institutions' trust was the second most crucial factor (78%), while global respondents prioritised gaining trust from their employees (68%). Family businesses in India also gave importance to gaining trust from family members (69%) and policymakers (49%), which differed from the global trends where policymakers' trust was not considered a significant priority. Both Indian (19%) and global (15%) respondents considered media or industry analysts to be the least important trust factor. This suggests that establishing trust among customers, employees, family members, and policymakers is crucial for the growth of businesses, particularly in India. (See Exhibit 3)

Exhibit 3: Importance of being trusted by the stakeholder groups



Source: PWC's 11th Family Business Survey 2023 India Report

Source: PricewaterhouseCoopers. (n.d.). Family Businesses in India: 11th Family Business Survey 2023 India Report. PwC. https://www.pwc.in/services/entrepreneurial-and-private-business/11th-family-business-survey-2023-india-report.html

Case Study

Zee Entertainment and Essel Group — **A quest for legacy and beyond (A)**

As the calendar turned to 2019, Subhash Chandra, the influential figure behind the Essel Group, found himself at a critical juncture. What started as a modest agricultural enterprise had blossomed into a conglomerate spanning industries like infrastructure, education, finance, and the crown jewel—Zee Entertainment. While Zee Entertainment flourished under Chandra's son's leadership, the infrastructure business had proved to be a drain on the group's resources. Chandra's ambition to build a longstanding legacy had led him to invest heavily in infrastructure and take on considerable debt. Now uncertainty plagued him and he wavered between ambition and prudence.

In 1967, amidst familial adversity, Subhash Chandra joined the family business of agricultural commodities trading. As a newly minted entrepreneur, one of his first successes was his collaboration with the Food Corporation of India and the Indian Army to process FCI's raw materials for supply to the army. Between 1970 and 1990, Chandra tried his hand at multiple ventures, one of which was Essel Packaging (renamed Essel Propack in 2018). Introducing laminated tubes as a superior alternative to aluminium for toothpaste packaging, this venture proved to be a money churner for the group. In 1989, Chandra and his brothers ventured into the entertainment industry with the launch of Essel World, an amusement park in Mumbai's outskirts, drawing inspiration from Disneyland. Despite efforts, the footfall remained below expectations. Chandra attributed this to connectivity issues, high entertainment taxes, and changing consumer behaviours favouring home entertainment. Recognising this shift, Chandra laid the groundwork for ZEE, a pivotal move that would revolutionise India's entertainment landscape.

Until 1991, India's television broadcasting scene was monopolised by the state-owned Doordarshan. However, with economic liberalisation taking place that year, foreign channels like Star TV and CNN entered the Indian market, revolutionising the airwaves. Subhash Chandra, recognising the need for a Hindi entertainment channel to challenge Doordarshan, navigated complex negotiations with AsiaSat1 owner Richard Li to lease a transponder. Finally, in October 1992, Zee TV was launched, captivating audiences with its innovative programming. September 1993 saw a successful Initial Public Offering (IPO) that was oversubscribed 60 times. By 1995, the Zee network boasted of having three channels. Despite the competition, Zee's expansion was relentless, branching out into cable networks like Siti Cable, international broadcasting, and DTH satellite television with the launch of Dish TV. Diversification into Hindi movie production and distribution further cemented Zee's position as a media giant within a decade of its inception.

In 2006, Zee underwent significant restructuring, demerging its existing stock into Zee Media Corp (focused on regional and news broadcasting), Wire & Wireless India Limited (dedicated to cable distribution), and Zee Entertainment Enterprises Ltd. To ensure a seamless transition and prevent conflicts among the next generation, Subhash Chandra and his brothers devised an ownership plan, with each brother having a majority stake in one business and a minority stake in the others. Chandra and his sons retained ownership and control over Zee Entertainment and other media entities, including the newly established infrastructure business. In 2008, Chandra's son, Punit Goenka, assumed the role of CEO of Zee

Although there was no formal holding company structure, his and his brothers' companies collectively came to be known as "The Essel Group". Between 2005 and 2010, seeking to bolster the group's legacy, Chandra initiated diversification efforts

Entertainment. Under Goenka's leadership, the company aggressively launched new channels across platforms and languages. This expansion strategy led to substantial revenue and profit growth, with total revenue increasing from INR 51.12 billion in 2015 to INR 71.26 billion in 2018, maintaining an impressive return on assets (~15%) and net profit margin (~20%).

By the 2000s, Subhash Chandra had firmly established the Essel Group as a dominant force in the media and broadcasting industry. Although there was no formal holding company structure, his and his brothers' companies collectively came to be known as "The Essel Group". Between 2005 and 2010, seeking to bolster the group's legacy, Chandra initiated diversification efforts. Essel Infrastructure was set up in 2007, venturing into projects spanning transport, roadways, power transmission, public utilities and others. Despite high aspirations, Chandra's lack of experience in infrastructure proved challenging. Unforeseen delays and significant upfront capital requirements led to unprofitable project bids, straining the company's finances.

To sustain Essel Infrastructure, Chandra leveraged his holdings in Zee Entertainment, Zee Learn, and Zee Media Corp, accumulating substantial debt by pledging shares. However, the rapid accumulation of debt left Chandra vulnerable. In 2017, against a market capitalisation of INR 174,500 million, Chandra pledged shares worth INR 77,000 million. With this, he faced the risk of losing ownership if the stock prices of Essel Group companies declined, triggering margin calls. Reflecting on the situation, Chandra questioned whether his aggressive diversification strategy had been hasty, potentially compromising the group's stability and his own legacy.

Key learnings:

- Successful diversification hinges on strategic planning and thorough risk assessment; otherwise, new ventures may strain resources and stability.
- Insightful recognition of market opportunities coupled with timely action can propel success in dynamic markets.
- Anticipating and responding effectively to external disruptions can enable companies to stay competitive and thrive.

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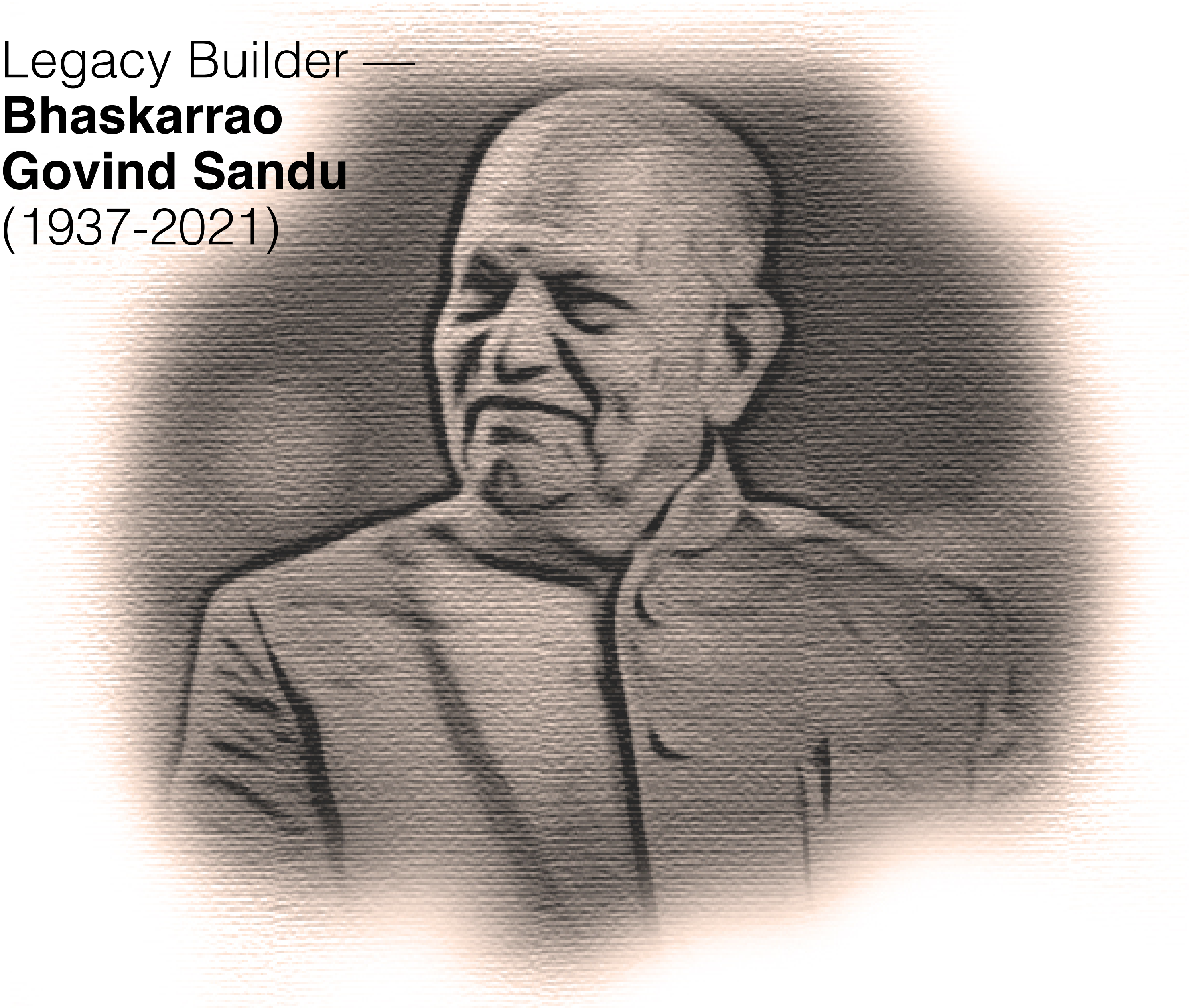
Legacy Builder — **Bhaskarrao Govind Sandu** (1937-2021)



He also instilled the ethos of prioritising the institution over individual interests, a principle deeply ingrained in the company's culture

Among the countless individuals inspired by the call for 'Swadeshi' by Lokmanya Tilak, was a family whose mission was to revive the ancient practice of holistic healing—Ayurveda. This family of five brothers, all esteemed Ayurveda practitioners (Ayurvedacharyas), embarked on a journey to establish a business dedicated to formulating and distributing Ayurvedic medicines.

Thus, in 1899, Sandu Pharmaceuticals was born in Thakurdwar, Mumbai. The founding brothers initially started operations in a two-room clinic utilising traditional kilns and fermentation chambers to formulate medicines, and gradually expanded their operations to three dispensaries. As demand continued to rise, they relocated to Chembur, then an area isolated from the mainland, to establish a manufacturing unit. This strategic move allowed them to accommodate increasing demand and lay the foundation for future growth and expansion of their Ayurvedic pharmaceutical business.

However, it was the second-generation steward of the company, Bhaskarrao Govind Sandu, who truly transformed this modest venture into a publicly listed powerhouse and a leading brand in Ayurveda and herbal pharmaceuticals in India. Born in 1937 into a family steeped in the traditions of Ayurveda, he was fuelled by an unwavering passion to modernise and globalise this ancient science. After completing his commerce degree at Podar College in Mumbai, he gained admission to the inaugural batch at Jamnalal Bajaj Institute of Management, Mumbai. However, he chose to focus on the family business and in 1960, he joined Sandu Pharmaceuticals. Under his visionary guidance, the company flourished, seamlessly integrating ancient wisdom with contemporary practices.

His steadfast commitment to quality and authenticity propelled Sandu Pharmaceuticals to new heights, setting it apart in the competitive landscape of Ayurvedic medicine. His vision led to the establishment of a cutting-edge manufacturing facility in Goa, equipped with state-of-the-art technology, ensuring that the company met global standards while staying true to the essence of Ayurveda. He was the driving force behind the establishment of the Sandu Research Foundation Pvt Ltd and the company's listing on the Bombay Stock Exchange (BSE). It was also his foresight and determination that expanded Sandu Pharmaceuticals' reach beyond India's borders, as the company began exporting Ayurvedic formulations to various countries. His relentless pursuit of excellence ensured that the Sandu brand garnered recognition worldwide, solidifying its position as a beacon of quality and efficacy in the field of Ayurveda. Former Prime Minister of Mauritius, Anerood Jugnauth, exemplified the impact of Bhaskarrao's efforts by visiting Sandu Pharmaceuticals' factory in Goa to inaugurate a herbarium. Notably, Jugnauth himself was a dedicated consumer of Sandu products. This gesture, coupled with discussions about establishing an Ayurveda products factory in Mauritius, underscores the global recognition that Bhaskarrao helped cultivate for Ayurveda through Sandu Pharmaceuticals.

Bhaskarrao passed away in 2021, leaving behind a legacy that transcends mere business success; it epitomises a profound commitment to preserving and promoting the principles of Ayurveda globally

As the custodian of the family business' core values, Bhaskarrao Govind Sandu remained dedicated to upholding the vision set forth by the founding fathers—service to society. Beyond the realm of business, he embodied the role of a philanthropist with a heart of gold. Bhaskarrao actively supported various educational initiatives, healthcare projects, and community welfare endeavours. His commitment to social causes mirrored the fundamental principles of Ayurveda—harmony, balance and compassion. He also instilled the ethos of prioritising the institution over individual interests, a principle deeply ingrained in the company's culture. This humility extended to the company's succession policy, where the next generation was integrated into the organisation based on their age and experience level, ensuring a seamless transition of leadership while upholding the values of humility and respect.

Bhaskarrao passed away in 2021, leaving behind a legacy that transcends mere business success; it epitomises a profound commitment to preserving and promoting the principles of Ayurveda globally. His relentless commitment to holistic healing, coupled with his visionary leadership in the field of Ayurvedic medicine, has left an indelible mark on both the industry and the communities he served.

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Arun Bharat Ram,
Chairman Emeritus,
SRF Limited

Maintaining an equilibrium **between family and business**

It was my intention to follow my grandfather's legacy in order to grow the company, but I also learnt that I had the responsibility for not only running the business but also for creating harmony within the family

A third-generation entrepreneur, Arun Bharat Ram started his career with the textile division of DCM Ltd. in 1966 where he identified high growth potential in the textile industry and founded SRF Ltd. in 1970 – a nylon tyre cord manufacturer. As Chairman of SRF from 2004-2022, he is credited with turning his family-owned multi-business organisation into a world-class conglomerate whose business portfolio covers Fluorochemicals, Specialty Chemicals, Packaging Films, Technical Textiles, Coated and Laminated Fabrics.

Arun Bharat Ram also serves as the Chairman of SRF Foundation that runs one of the largest community programs in the country, imparting education and vocational training programs to underprivileged children and youth. He is also the Chairman of Lady Shri Ram College for Women in Delhi and The Shri Ram Schools in Delhi and Gurugram.

A former President of CII, he has received many accolades including the EY Entrepreneur of the Year India Award 2019 (manufacturing category) and the ICC Lifetime Achievement Award in 2017. Recognised for his contributions to business and society, he was honoured with the Officer's Cross of the Order of Merit by the Federal Government of Germany in 2008 and the Jamsetji Tata Award by the Indian Society of Quality in 2006.

Arun Bharat Ram pursued his education at The Doon School, followed by studies at the Technical University of Darmstadt, Germany, and the University of Michigan, Ann Arbor, USA, in Industrial Engineering. He is an accomplished sitar player, having trained under the legendary maestro Pt. Ravi Shankar.

Preserving the legacy of your ancestors is a significant responsibility, particularly in your context. How did you approach and navigate this responsibility upon assuming a leadership position within the SRF group?

I consider myself very fortunate that the founder of our group and my grandfather, Sir Shri Ram, was a person of high integrity who had a sound value system. He was the beacon of our family's success and standing in society. I got to learn much from him, and he remained a guiding spirit for me throughout my life.

When the larger Shri Ram family split, I was given the responsibility of taking over and running SRF Limited. It was my intention to follow my grandfather's legacy in order to grow the company, but I also learnt that I had the responsibility for not only running the business but also for creating harmony within the family. My sons and I decided to lay equal emphasis on matters concerning the family as those concerning the company. I believe we have found a good equilibrium for both the family and the company.

As a third-generation entrepreneur, you played a pivotal role in diversifying SRF into a world-class conglomerate. How do you balance the need for preserving the family legacy with the need for innovation and diversification in today's dynamic business environment?

From 1970 onwards, for the next twenty years, I ran the business predominantly as a technical textiles company. In 1997, SRF acquired CEAT's tyre cord plant and became one of the largest players in the Nylon Tyre Cord Fabric (NTCF) market. In 1989, Shri Ram Fibres diversified beyond technical textiles and entered the chemicals business to manufacture refrigerants. Consequently, Shri Ram Fibres was renamed SRF Limited in 1990. Having diversified and entered the chemicals sector in the year 1989, the company has been driven by a strong impetus for technology innovation and R&D breakthroughs. With a focused emphasis on sustainability and responsible corporate citizenship, SRF has been in the top echelon for promoting clean and green practices in its R&D and manufacturing processes. SRF further diversified into the manufacture of Packaging Films in 1995. Today, SRF is a preferred global packaging solutions provider worldwide.

I am a firm believer that Indian companies have the capability to transcend the technology curve and create platforms that compare with the best in the world. This is true for SRF.

I believe the foundation of our family running the business smoothly lies in the way we have structured the management between my two sons, who now run the business. While my elder son is the leader of the company, my younger son plays a very important role in the capability development of the organisation.

Given your experience steering SRF Limited through various significant economic events over the years—including the license quota raj, liberalisation of the economy and advancements in technology—how do you ensure the continuity and adaptability of the family business across generations?

When we moved from the license raj era into an open environment, we decided that to be successful and a long-term player, we needed to be competitive not only in the Indian market but internationally as well. We adopted Total Quality Management (TQM) as a method for running SRF, which became a cornerstone for the success of our company.

While we were largely a commodity business, we diversified and entered the chemicals business. This business requires a very robust research and development approach to be successful. Bolstered by deep domain expertise, our company excelled in handling some of the most complex chemistries in the world, firmly positioning us as the frontrunners in managing challenging projects. With 430 process patents filed till date, we are the market leaders in many of our chosen product segments and geographies.

How do you envision the integration of emerging technologies such as artificial intelligence, into the strategic vision of SRF, ensuring its continued success and relevance in the future?

One of our strengths is having a very robust IT system in the organisation. Broadly, we have focused our energies on the accelerated adoption of digitisation and cloud technologies. Keeping up with the emerging trends, we are engaging with experts to understand how AI can help accelerate our journey. This is still at a nascent stage.

In your role as the Chairman Emeritus, you guide the management on corporate governance matters. How do you instil and maintain a culture of ethical business practices and corporate responsibility within the family business?

As the Chairman Emeritus, my role involves mentoring and guiding the top management as and when they require my advice. One of my grandfather's principles that I follow strictly is to completely step away from any business decision-making after my retirement. I believe I have provided my sons with good family values which are also practised in our company. The value system that the family is known for is also a part of our corporate culture and DNA.

We have clearly stated that future generations must get the appropriate education if they aspire to work and grow in our company. They must also work outside our group for a certain period of time before they move into our company

Succession planning is crucial for the longevity of family businesses. How do you approach grooming and preparing the next generation of family members to take on leadership roles within the SRF, ensuring a smooth transition and continuity in the company's success?

When our family separation took place, my sons had already been working in the company for many years and so a transition from me to the next generation was smooth and was accepted within the company without any hesitation.

In our family constitution, we have clearly stated that future generations must get the appropriate education if they aspire to work and grow in our company. They must also work outside our group for a certain period of time before they move into our company. In order to take up important management positions within the company, the next generation will have to work hard and prove their capability. It is also not envisaged that every family member would aspire to work in the company. However, they would be compensated adequately to take care of their needs.

We have a robust family constitution which deals with all aspects of dealings between family members as well as with the business. There is a code of conduct which has to be adhered to by all family members. Before writing our constitution, my sons and I attended various programs by renowned experts on how to manage families and businesses together. This helped us in framing our constitution. Today, I would say that we have a family with harmonious relationships and a good working environment.

Our family constitution talks about the board membership of SRF, and who from the family is eligible to become a part of the board. It also lays down a code of conduct—ethics and behaviour—which is part of the DNA of the family. The family discusses business updates at regular family meetings, once every two months.

The constitution also details the succession-planning framework and the dispute-resolution process between the family members. There are defined guidelines on the dividend policy of the family, investment of family funds, compensation, and perquisites.

As someone who has nurtured the company and the family, I feel extremely proud of the fact that both the company and the family have become very successful, and this is a result of the lessons I learnt from the past two generations. ●

Rahul Agarwal,
CEO & Founder,
Ideal Insurance Brokers Pvt. Limited

We are striving to become the largest insurance management player for family businesses

Rahul Agarwal found Ideal Insurance in 2005, driven by his foresight into India's burgeoning insurance industry. Starting as an insurance agent at Max New York Life (MNYL), he became the youngest MDRT (Million Dollar Round Table) at just 20 years of age. Ideal Insurance was established when Rahul was still an MBA student at S.P. Jain Institute of Management and Research (SPJIMR), Mumbai. He bootstrapped the venture until 2018. Rahul is also India's youngest Chartered Financial Analyst (CFA), apart from being a graduate of Post Graduate Programme in Management for Family Business (PGP MFAB), Indian School of Business. Actively engaged in organizations like EO, TIE, BNI and CII Young Indians, he is a Mumbai Angels and Venture Catalysts k member who has invested in over 15 startups. He is also a guest lecturer on entrepreneurship and insurance at institutions like IIM-Ahmedabad, IIM-Kolkata, K.J. Somaiya, S.P. Jain Institute of Management and many more regional colleges

Reflecting on your entrepreneurial journey with Ideal Insurance

brokers, what are the key learnings and experiences that have significantly shaped your approach to managing a family business?

I started Ideal Insurance when I was doing my post-graduation from SPJIMR in 2005. Hence, whatever my professional learnings and experiences in life, I have gained them while building Ideal Insurance.

Interestingly, I have recently launched my first book, The Ideal Entrepreneur – An Idiot's Guide to Building a Rs 300 Crore Company, wherein I have captured both my learnings and mistakes. Apart from guiding entrepreneurs on scalability, the book also extensively covers the dynamics of a family business and how to avoid the mistakes I had made. My learnings can be characterized into two aspects:

- From an organizational point of view, my learnings were about how to build a stellar team, the importance of public relations and branding in business, the relevance of employee stock options, and having a professional board.
- From the perspective of managing a family business, my biggest learning has been to have extreme clarity on

1) Roles and responsibilities of family members in the business
2) Distribution of wealth and shareholding
3) Exit strategy and terms for family members

My brother and I split after working together for almost 13 years and I feel that there are both advantages and disadvantages to working with family members. However, if the above points are taken care of, it can solve most of the issues.

Relationship management is the most crucial ingredient of a successful business. At Ideal, we not only give importance to client relationships but also to other stakeholders like insurers, investors and even to our team

What impelled your transition from involvement in the family business to initiating your independent entrepreneurial venture?

Well, I always had the entrepreneurial bug in me; I could see a huge potential in the insurance industry back in 2005 and wanted to capitalize on it. At the same time, I also didn't want to join my father, as we had a typical Marwari business family father-son problem. But over time, I realized that I could have grown much faster had I taken the buy-in from my father and had his emotional support.

What familial support was instrumental in facilitating your new venture creation, and how was it perceived within the family dynamic?

Insurance 'selling' in India is not considered a profession of great repute and probably I wasn't able to explain how scalable the insurance broking business could be. Hence, when I started, my family was quite against my decision. Nonetheless, my father took care of the start-up expenses of Ideal and all my family expenses as well. Since Ideal was a bootstrapped business, this was helpful to me because then I could afford to reinvest my entire earnings into the business.

Anticipating the evolving market dynamics, what is your prospective trajectory for Ideal Insurance brokers, and what strategic outlook do you hold, particularly regarding the engagement of family members beyond your own involvement?

Ideal is in a very high growth stage, and we have built a strong platform for ourselves. At the same time, the industry tailwind is very strong and we are in the perfect position to capitalize on the same. We are striving to become the largest insurance management player in our niche of targeting family businesses.

Regarding the engagement of family members, while my sister and brother-in-law are still with me and I would love to work again with my brother, in the long run, we are working hard to make Ideal a truly professional company managed by deserving professionals.

Counting prestigious companies among your clients, such as Wow Momo, RP Goenka Group, multiple 5* Hotel chains and many more, how do you approach building and maintaining strong client relationships, and what role do these relationships play in the success of Ideal Insurance brokers?

Relationship management is the most crucial ingredient of a successful business. At Ideal, we not only give importance to client relationships but also to other stakeholders like insurers, investors and even to our team . However, as we are scaling up, we are trying to set up strong systems and processes that drive these relationships apart from maintaining a personal rapport. It is no longer possible to manage clients individually and hence the team is guided by a strong system to do that.

Given your experiences, what message or advice would you convey to other family businesses, especially those in the early stages, looking to navigate challenges and foster growth?

First, read my book as it is exactly meant for family businesses that want to scale up. Second, to put it simplistically, have clarity with family members, focus on your chosen line rather than trying to do multiple things, have strong unit economics rather than trying to just build up volume without profitability, create a strong second line and invest in creating a brand.

> ***Have clarity with family members, focus on your chosen line rather than trying to do multiple things, have strong unit economics rather than trying to just build up volume without profitability, create a strong second line and invest in creating a brand***

How has your experience at the Indian School of Business influenced your professional journey and contributed to your role as an entrepreneur in the family business context?

ISB has been instrumental in the growth of Ideal. In fact, the effect of ISB can be shown in Ideal's growth chart. Growth before 2016 and after 2016 is a different ball game altogether. My learnings were not only limited to managing and growing a business. It extended to other crucial facets like navigating family dynamics, the importance of having an independent board, and a family constitution. ●

Women in Family Business

Priti Rathi Gupta,
Founder,
LXME

Women need to be an active part of the **financial management strategy**

Priti Rathi Gupta, Founder of LXME, has inspired over 500,000 women towards building their financial acumen and the financialisation of their small savings. An alumna of Harvard Business School, she has held leadership positions such as being the Managing Director (MD) of Anand Rathi, one of India's largest financial services conglomerates, Chapter Chair at YPO and Founder of Ishka Films. She is a reputed expert awarded for setting up the commodities desk, currency and forex advisory business with two decades of experience in the BFSI industry, and is now focused on bridging the gap between women and wealth.

Amongst many other recognitions, Priti & LXME were featured in Her Majesty the Queen: The Official Platinum Jubilee Pageant Commemorative Album. This album features a range of outstanding individuals and organizations selected for their transformational contribution around the world. LXME was awarded the "Annual Impact Creator Awards 2021" as a "Warrior of Change" under the FinTech innovation category, an initiative by Billennium Divas. The "BeingLXME" Facebook community is one amongst 130 communities globally which is a part of Facebook's Community Accelerator Program that helps leaders harness the power of their community to turn impactful ideas into action. LXME is one of 20 women-founded or co-founded startups selected by Google for its Startups Accelerator Program out of nearly 400 applications.

When she is not wearing the hat of MD at Anand Rathi, she indulges in nurturing her creative pursuits through her film production company, Ishka Films. Additionally, she is a trained classical singer and possesses a keen interest in theatre and the arts.

How did your family provide a supportive environment to encourage and facilitate your active participation in business? What else could have been done?

When I first expressed my interest in joining the business, I was warmly welcomed and integrated into the operations in a structured manner. Given that the business was still in its early stages, I quickly assumed responsibilities that required immediate attention. While having a predefined career path would have been ideal, it wasn't feasible at the time due to our stage of development. However, as I gradually took charge of establishing and leading new ventures within the company, our processes became more organised and coherent over time.

You were already a managing director at Anand Rathi; what motivated you to create LXME?

When I started LXME, I noticed a gap in the market where there was a lack of initiatives promoting financial education specifically tailored to encourage women to invest. Despite the abundance of financial advisors in India, their services primarily focused on providing advisories rather than comprehensive end-to-end financial planning solutions for women. I envisioned creating a platform that simplifies investing for women, making it accessible and aspirational—something that every woman should embark on as part of her journey.

As the founder of LXME, how do you envision the impact of financial literacy and empowerment on the dynamics of family businesses, particularly in the context of women's involvement?

It's a familiar refrain for many Indian women—there is an emphasis on having a good education and a career, but often silence on topics like money management and financial independence. This oversight can leave us feeling unprepared and dependent. Whether a woman is working in a family business or outside, she rarely has agency over the money she earns. In family businesses, many times contributions and rewards are not clearly defined for women working in the business. Furthermore, managing wealth is generally considered the prerogative of men. Women need to be an active part of the financial management strategy to make sure they are adept at managing it as and when needed.

Whether a woman is working in a family business or outside, she rarely has agency over the money she earns. In family businesses, many times contributions and rewards are not clearly defined for women working in the business

Are there specific initiatives or policies that you advocate to enhance the representation and influence of women in family businesses, and what role do you see education and mentorship playing in this regard?

Establishing a robust family constitution and adopting a transparent organisational structure that is gender neutral can significantly facilitate the entry and active participation of women. That said, women also have to actively work for inclusion and push this agenda with their families and at their places of work. They should not shy away from being vocal and putting their point across.

Your social media presence, particularly on LinkedIn, is notable. How do you believe digital platforms can be leveraged to promote the stories and achievements of women in family businesses, contributing to a broader narrative of diversity and inclusion?

There are so many role models for men, particularly in family businesses, but a severe lack of female role models. Women in family businesses have to navigate a different set of challenges, and it is helpful to learn from the experience of peers . I find that many men also find my LinkedIn posts relevant and share them with their families. In my small way, I hope I am helping a lot of families see the power of involving the women of the family in the business.

I also would like to urge young women to consider taking up part-time jobs or internships in fields they aspire to pursue. Engaging in such experiences not only provides valuable hands-on learning but also offers opportunities to network and seek mentorship, especially from women mentors who can illuminate the path for growth and future opportunities.

Drawing from your own experiences, what advice would you offer to the next generation of women aspiring to take on leadership roles within their family businesses, and how can they navigate the unique challenges and opportunities presented in this context?

In my experience, I have seen a lot of the new generation of women join family businesses and drop out after some time. My advice to them would be:

1. Build the right attitude along with skills;
2. Show up so that you are not taken lightly;
3. Come to the table and ask for clear roles and responsibilities, remuneration and progression within the business;
4. Ensure personal and professional harmony, which is often the most difficult; and
5. Build the skill and resilience to handle difficult situations pragmatically.

Krishna Chaitanya Chava,
President & BU Head-Synthesis,
Laurus Labs Limited

Seek first to understand, **then to be understood**

Krishna Chaitanya leads the synthesis and ingredients divisions at Laurus Labs. He holds a Post Graduate Programme in Management for Family Business (PGP MFAB) from the Indian School of Business, along with a master's degree in mechanical engineering from North Carolina State University, USA, and a bachelor's degree in mechanical engineering from BITS Pilani Dubai. Prior to joining team Laurus, he was associated with Dr. Reddy's Laboratories Ltd.

How did you prepare for your role at Laurus Labs, considering the importance of succession planning in family enterprises? Can you share insights into the mentoring process or specific preparations you underwent before assuming a leadership position?

Onboarding next-generation family members as part of succession planning requires careful planning. It is vital that key business leaders and decision-makers are involved during this planning. In my case, prior to assuming the role at Laurus Labs, it was collectively agreed between the leadership team that I should:

- Gain relevant work experience in a well-reputed organisation operating in the relevant industry;
- Understand various business management and finance topics through a formal education program; and
- Assume a limited role within Laurus Labs to understand the company operations and practices firsthand.

This personally helped me not only in understanding the various activities undertaken by the organisation, but also in appreciating how various functions are interlinked and interdependent. In addition, this three-stage process set up a good foundation for my eventual role within the organisation.

It is important to always introspect and assess whether the service provided is value accretive or dilutive to the partner

Balancing family relationships with business responsibilities can be complex. How do you strike a balance between family dynamics and the professional demands of leading key divisions at Laurus Labs, and what advice would you offer to other next-gen family business leaders facing similar challenges?

In general, family-business relationships can be very complex, having been established over a multi-decade evolutionary cycle. Striking a balance between personal and professional interaction in such complex relationships with multiple individuals involved can be very demanding. Although establishing this complex relationship would differ on a case-to-case basis, general practices that could help facilitate the process include:

- Involving the key leaders and family members in key discussions related to succession planning.
- Appraising, in advance, all individuals who might be pertinent to the succession plans.
- Although the traits of patience and curiosity are important in general, it is important to amplify this behaviour in the formative years in the newly assumed role.
- Seek first to understand, then to be understood. Appreciate the current working mechanism of the organisation, learn the intricacies of the business and seek inputs from veteran leaders on new ideas and their implementation.
- Invariably treat not just key personnel but all colleagues in the family business with respect.

Laurus Labs has strategically shifted focus in response to market changes. How do you make decisions on such strategic shifts, and what role does family input play in determining the business's direction and resilience?

Adapting to changing market dynamics is essential for any business to thrive. Fundamentally, it is important to be inclusive of key personnel in the process and assess key strategies against:

- Alignment with business interests.
- Value addition to stakeholders, partners, customers, investors, etc.
- Alignment with the corporate governance principles of the organisation.
- Societal impact.

With Laurus Labs aiming for a significant global market share, how do you perceive the current dynamics in the global pharmaceutical industry, and what strategies is Laurus employing to position itself amidst evolving market trends and disruptions?

The global pharmaceutical industry has seen significant changes in market dynamics in the recent past, especially during the COVID-19 pandemic. Across various geographic regions, significant attention is being given to how a product's supply chain is established and new vendors are being onboarded with careful consideration.

In this context, it is important to always introspect and assess whether the service provided is value accretive or dilutive to the partner. At Laurus Labs, we have revisited our work streams right from customer onboarding to execution and delivery to better align with this thought process.

As a leader in the pharmaceutical industry, what is your personal leadership philosophy, and how do you apply it to foster innovation, growth, and sustainability within Laurus Labs?

Although it took time for me to fully recognise that a leader's success is primarily dependent on the team, my personal leadership philosophy is to create platforms and empower colleagues in their line of work, recognising successes and supporting the resolution of any challenges that might arise.

The long life of **Kongõ Gumi**

Source for photos: Google

In a time when family businesses struggle to survive even with the entry of their third generation of family members, the case of Kongõ Gumi—the world's oldest family business that has passed the leadership baton through forty generations—stands in stark contrast. Japan has the largest number of longest-surviving family firms, and this can be credited primarily to two factors—one is the existence of the concept of a traditional "family", which allowed for many companies to emerge as family businesses; the second is the fact that these businesses have invested their energy in equal parts, towards preserving tradition as well as indulging in innovation (Kubota 2010, p. 28-42). As we will see in the following paragraphs, Kongõ Gumi follows the similar trajectory of long-surviving family firms. The long arc of this family business offers valuable lessons on endurance, longevity, tradition, innovation, and unwavering commitment to quality craftsmanship.

In the 6th century, when Buddhism was making its way through the world—Japan being no exception—there was an increasing demand for Buddhist architecture, such as temples, shrines, and monasteries, which the Japanese had no experience of building. Thus, the royal family of Japan commissioned Shigemitsu Kongo, a

Korean temple builder, to build the Shitenno-ji temple, which stands in Osaka today. Kongo saw an incredible opportunity in this, as Buddhism was on the rise, and he envisaged building temples for a long time. This led to the establishment of Kongõ Gumi, a construction company that has lasted for 1428 years (Pilling, 2007; Toki, 2023).

Throughout its long life, Kongõ Gumi has faced and survived numerous challenges such as political turmoil and power struggles that have disrupted the stability of Japan, economic fluctuations and changing market demands, social and economic changes including the rise of the samurai class, natural disasters such as earthquakes and fires, and man-made occurrences such as world wars and atomic bomb explosions. In the Meiji Restoration of the 1800s, the government even set out to eradicate Buddhism from Japan, leading to the destruction of the temple-building industry. These myriad challenges not only required immediate recovery efforts, but also demanded the development of innovative techniques to withstand future calamities and adapt strategies to sustain a steady flow of projects. It was the resilience and adaptability of Kongõ Gumi that allowed it to overcome these obstacles, emerging stronger and more determined to carry its legacy forward.

The longevity of Kongõ Gumi can be attributed to two factors: skills and management.

In terms of skills, Kongõ Gumi created an atmosphere of internal competition that helped in the acquiring, improvising, and sharing of quality skills and techniques. (Yoshimura and Sune, 2006). It divided the carpenters it employed into small groups to compete with one another to improve their skills. Kongõ Gumi also allowed the builders of these small groups to be independent if they were skilled enough to do the work. However, these new independent groups worked only for Kongõ Gumi to maintain unique skills and techniques

In terms of skills, Kongõ Gumi created an atmosphere of internal competition that helped in the acquiring, improvising, and sharing of quality skills and techniques. (Yoshimura and Sune, 2006)

within the organisation. Kongõ Gumi offered work depending on the ability of the groups. Each group had to compete to receive orders from the main department, which created an internal competition in Kongõ Gumi.

In terms of management, the secret of the company's longevity was in its inheritance of a moral corporate philosophy—in the form of both "explicit moral knowledge" and "tacit moral knowledge"—and a management style that preserves production methods and deals effectively with human resources. For example, the practice of choosing successive presidents based on ability rather than family ties. A tacit moral awareness is evident in the company's way of thinking, emphasising that "we must not make too much profit" and "we do not cut corners in our work" (Nakayama, 2019).

In 2006, however, this company experienced a financial crisis and went into liquidation, having run up arrears of $340 million. It had tried to achieve growth by taking on more general architectural projects rather than merely focusing on its core business of temple construction. It had not obeyed the core family business value of "not attempting more than your strength" and thus, had failed to focus on the core business of shrine and temple architecture (Kongo 2013, p.79-80 in Nakayama, 2019). Following these decisions, the long-established family business was taken over by another, relatively much younger, family-run Japanese construction company called Takamatsu Construction. Takamatsu was more used to digging tunnels than erecting five-tiered pagodas, but it managed to work out a deal with the creditors of Kongõ Gumi and absorbed Kongõ Gumi as a wholly owned subsidiary. The name of the company was preserved and so were the traditional expertise and skills handed down for over 1400 years (Pilling, 2007). ●

In terms of management, the secret of the company's longevity was in its inheritance of a moral corporate philosophy—in the form of both "explicit moral knowledge" and "tacit moral knowledge"—and a management style that preserves production methods and deals effectively with human resources

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Scoops Ice Cream

Churning a **sweet success story**

Step onto Road No. 1 in Banjara Hills on any given day, and you're likely to be greeted by a procession of cars lined up outside one particular establishment. Renowned for pioneering the stone ice cream craze in the city, Cream Stone has become the ultimate go-to for those seeking a frosty fix that's as innovative as it is indulgent. The Shah family—the driving force behind Scoops ice cream and Cream Stone Concepts—are no strangers to the hospitality or food industry. Their ice cream brands such as Scoops and Froops and eateries such as Cream Stone and Temptations, have become a part of the very fabric of the city's culinary culture.

Originally from Gujarat, the family patriarch was among the numerous gem traders who migrated to Hyderabad at the request of the Nizam, who had sought individuals with the expertise to facilitate the sale of diamonds extracted from the Golconda mines. Over time, his sons, Paramanandas and Madan Mohandas Shah, ventured into the hospitality industry, establishing the inaugural Haridwar Hotel in 1969-70 at Koti. Soon many out-of-town traders were flocking to the hotel, impressed by its hygienic accommodations and delicious vegetarian cuisine. It was a chance inquiry by one such customer that became the impetus for the family's famed ice cream business. The customer asked one of the brothers, Madan Mohandas Shah, why a purely vegetarian establishment was serving ice cream. Flummoxed by this question, Madan Mohandas Shah checked with their ice cream supplier, who confirmed the customer's assertion that all commercially produced ice cream contained eggs.

As the family strongly adhered to the principles of vegetarianism, ice cream was promptly removed from the restaurant menu. However, the concept of serving eggless ice cream took root in the family's mind- particularly, Madan Mohandas and Govinddas's, son of Parmanandas, mind. They tirelessly experimented with various processes and machinery, even enlisting the expertise of a dairy consultant to bring his vision to life. The relentless efforts of the family bore fruit with the launch of "Enjoy" in 1989, the inaugural commercially manufactured 100 per cent vegetarian Indian ice cream brand. Ice cream orders soon started pouring in, and the next generation of the family decided to source specialised ice cream-making machines from Alfa Laval, a Europe-based company renowned for its innovative dairy technology. These machines facilitated continuous production, unlike the traditional batch-based method, enabling the company

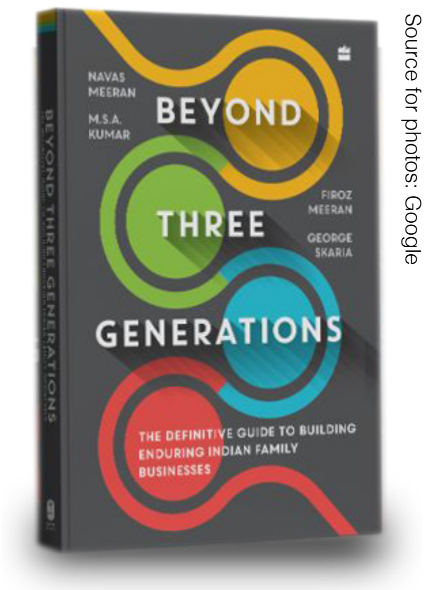
Scoops demonstrated its excellence when it won Six Awards at the globally renowned 'Great Indian Ice Cream Contest,' in which 64 companies across India participated. Out of the 7 Categories the contest was held in, Scoops won in 2 with Gold Medals, 1 with Silver and 3 with Bronze. These awards are a true testimony to the obsession that the family attributes to each and every product.

In another moment of great pride, Scoops ice cream was awarded the ZED (Zero Defect Zero Effect) Gold ranking certificate by Honorable Industrial Minister, Telangana, Mr K.T. Rama Rao. This certification celebrated the company's commitment to excellence and its continuous growth.

to efficiently cope with the increasing demand for their products.

By the mid-90s, the family had broadened their range of ice cream products, introduced various new flavours, and rebranded themselves as the fresher-sounding "Scoops." Faced with slim profit margins in their B2B sales model, the family resolved to diversify into a more consumer-facing venture: ice cream parlours. However, it was the launch of Cream Stone that propelled the company to the forefront of the ice cream parlour scene. Debuting its first store in 2009, Cream Stone was an instant sensation. Inspired by the Japanese Teppanyaki style of cooking, the process involved pouring a liquid ice cream mixture onto a cold slab, adding mix-ins and toppings, and swiftly freezing and shaping it using spatulas. With locally sourced ingredients, wallet-friendly prices, and flavours to please every palate, as well as its theatrical presentation, Cream Stone swiftly became the talk of the town.

With 87 stores spread across 21 cities in India, Cream Stone today enjoys a near-cult status. The 100 per cent family-owned business that operates under the Sri Srinivasa Dairy Products banner continues to solidify its position in the ice cream market, with its repertoire of brands like Scoops, Temptations, and the recently introduced Froops, a real fruits and ingredients based ice cream brand. Viren Shah, Director at Scoops Ice Cream & Cream Stone Concepts, attributes the company's success to its constant pursuit of the "wow" factor for customers. Whether it's crafting a special paan-flavoured ice cream upon request or ensuring that even their most affordable product—the choco bar—is crafted with the same premium ingredients and processes as their priciest offerings, the Shah family is committed to delivering 100 per cent vegetarian, delectable ice cream to each customer. And while their ice creams are a fixture at some of the grandest weddings and corporate galas in the country, what truly warms their hearts is the genuine appreciation from their everyday patrons—whether it is expats visiting their hometown or school kids buzzing with excitement on factory tours. For the Shah family, business isn't just about serving ice cream; it's about creating unforgettable moments, one scoop at a time.



Source for photos: Google

Beyond Three Generations

Through compelling anecdotes, the authors highlight the transformative impact of external expertise on driving strategic decision-making and cultivating organisational resilience

In the intricate landscape of family businesses, where success often fades within a few generations, *Beyond Three Generations: The Definitive Guide to Building Enduring Indian Family Businesses* comes as an invaluable addition to the canon of family business literature. Authored by Navas Meeran, M.S.A Kumar, Firoz Meeran and George Skaria, this book is a comprehensive exploration of the challenges and strategies involved in scaling and sustaining family businesses, particularly in the context of Indian micro, small and medium enterprises (MSMEs).

The narrative of the book unfolds through the growth journeys of twelve diverse Indian family businesses, ranging from large-scale enterprises to medium-sized firms. Through meticulous analysis and a synthesis of these case studies, the authors unveil the essential drivers that underpin the creation of lasting organisations. They assert that nurturing a growth mindset is foundational for family businesses aiming for advancement. Drawing examples from Eastern Condiments, IBS Software and the Dodla Dairy, the book vividly illustrates key aspects of this growth mindset: thinking big, staying focused and taking balanced risks.

One of the book's notable points is its recognition that governance in family businesses cannot adhere to a one-size-fits-all approach. Whether it's the implementation of family constitutions, the promotion of women's participation in business, or the establishment of family offices, the book offers a nuanced perspective on fostering cohesiveness and unity of direction within family enterprises. The authors also delve into the thorny issues of multigenerational transition and ownership dilution, offering intriguing solutions gleaned from real-world experiences. Whether it is Sandu Pharmaceuticals' "No Helicopter Landing" policy or Popular Automobiles' strict stance against nepotism, the case studies provide valuable insights into navigating the complexities of succession, professionalisation and ownership.

The book also underscores the pivotal role played by external advisors and mediators in facilitating the transformational journey of family businesses. By providing impartial guidance and serving as mirrors for reflection, these advisors help in bridging intergenerational gaps and fostering organisational growth. Through compelling anecdotes, the authors highlight the transformative impact of external expertise on driving strategic decision-making and cultivating organisational resilience.

At the heart of the book, lies the concept of the '7Cs'—Clarity, Commitment, Consistency, Courage, Cohesion, Competency, and Compounding for scaling up—which encapsulates the insights gleaned from the transformation journeys of the featured organisations. These principles, distilled from the rich tapestry of case studies, offer actionable strategies for aspiring entrepreneurs and seasoned business leaders alike. Beyond Three Generations is notable in the fact that it eschews abstract theory in favour of concrete details and practical experiences, offering a roadmap for transformational growth in family enterprises. Engaging with the stories presented in the book will prove to be a valuable exercise for all family business owners. The narratives will not only resonate with family business owners but also inspire them in their quest to elevate their organisations to new heights. ●

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