

Publication: Business Today
Date: 7th December 2014-11-26
Page Nos: 58 – 70

Thicker than water

Five families behind four businesses show that blood need not necessarily be shed, that it is possible to thrive together.

Suveen Sinha and Ajay Modi Edition: Dec 7, 2014



(Imaging: N Ravishankar Reddy; Photos: Vivan Mehra and Shekhar Ghosh)

The families of Malvinder and Shivinder Mohan Singh, the brothers behind the Fortis and Religare companies, often go on holidays together. And more often than not, the brothers end up sharing a room. As they get lost in their conversations, their wives are known to jest that the "husband and wife are together".

The women have got used to it since they got married, two days apart, to the brothers. Shivinder and wife went to honeymoon in the Maldives, but not for long; they soon joined the other newlywed couple in Thailand. The brothers often dress alike, at times for board meetings, too, right down to the necktie. On one of those days it will take a careful eye to mark them apart by Malvinder's slightly wider jawline.

Shyam Bhartia of Jubilant group, 62, with his black hair and moustache, looks different from brother Hari, four years younger, who does not colour his salt-and-pepper beard and hair. All the three brothers of DCM Shriram - Ajay, Vikram and Ajit Shriram - wear spectacles, but that's where the similarity ends. The two Radhe Shyams, whose families control and run Emami, look similar only in the way all benign, bald, bespectacled old men look similar. Otherwise, they do not even have the same surname: one is Agarwal and the other Goenka. And yet, the Bhartias, Shrirams, and Agarwal-Goenka are similar to the Singhs in that they have all stuck by the same recipe: strong family ties, harmony among wives and children,

and seamless communication resulting in a thriving business that is showing no signs of strain.

The role of family businesses is indisputably significant. A third of Fortune 500 and S&P 500 companies are family-owned. Their ilk accounts for over 60 per cent of the US GDP. In India, 70 to 80 per cent of all companies are family-owned.

Among them, the five families of Fortis-Religare, Jubilant, Emami, and DCM Shriram present a heartwarming contrast to the all around upheaval. The harshest spotlight has been on brothers Ambani, whose feud painted all media red until 2011. It was only in December of that year that Kokilaben Ambani managed to bring her sons Mukesh and Anil under one roof in Chorwad, the Gujarat village where the Ambani saga began, and declare, "Hum sab saath hain."

Many others have been worse off. The Mafatlal family continues to suffer from a prolonged feud that dates back to the 1970s. The Modi clan is no longer mighty. Not all branches of the storied Birla clan are successful. The Bajaj family of Pune and the Kanwar family of Delhi have had their own share of internal battles. Why, even Malvinder-Shivinder's father, grandfather, and uncles generated their share of sound and fury before these two began to show how to do it right.

It is globally accepted that only a third of family businesses survive beyond the third generation. Our picks here appear poised to be part of the surviving, thriving one third. There is no one formula for it. Leo Tolstoy had very different intentions when he said at the beginning of Anna Karenina that happy families were all alike. But his words ring just as true here. And just as layered. Beneath the surface, all happy and successful business families are happy and successful in their own way.

WHAT'S IN A SURNAME

The people behind the Kolkata-based Emami have no qualms about their women playing a role in the family business, although so far it is a daughter who has come in and not yet a daughter-in-law. But then, this is a family with a difference. It is actually two families that look like one.

The company's founders, Radhe Shyam Agarwal and Radhe Shyam Goenka, met 60 years ago in school. They have not only the same first and second names but also the same birthday, January 6, though the 1946-born Agarwal is a year older to Goenka. They are not related by blood, yet their ties are no less thick. And the ties remain just as strong even as the next generation takes charge of the businesses.

Agarwal's sons, Aditya and Harsh, and daughter Priti Sureka take care of the group's businesses in tandem with Goenka's sons, Manish and Mohan, and nephew Prashant. Every business vertical is run jointly by an Agarwal and a Goenka. All of them have the same designation: director. The exception is Emami's real estate business, run by Raj Sureka and Rajesh Bagaria, the sons-in-law. Sureka is married to Priti and Bagaria to Goenka's daughter Rachna.

Manish Goenka and Aditya Agarwal take care of health-care, edible oil, paper and cement. "We went to the same school and college and have been taking care of a common vertical since our first day in business," says Manish.



(L-R) Manish Goenka, Aditya Agarwal, Prashant Goenka, RS Agarwal, RS Goenka, Mohan Goenka, Harsh Agarwal, and Priti Sureka: This is one big happy family (Photo: Shekhar Ghosh)*

He and Aditya have different cabins in the 10-storey Emami Tower on Kolkata's E.M. Bypass road. They used to sit in the same cabin before moving into this building. In the new building, their cabins have just a glass wall between them.

One of the two cabins is empty most of the time, because either Manish is sitting in Aditya's or Aditya in Manish's. "We used to sit at the same desk in school," says Manish. They often go on business trips together, many of which these days are to Chhattisgarh, where the two are setting up a cement plant.

When they look out of their cabins, they can see the other four family members, all of whom sit on the same eighth floor of Emami Tower. "We have lunch together. If one is hungry he waits till the others get free. There are times when five or six of us take one car back home," says Aditya.

Loud voices can emanate from that car, or from the lunch room, because the promoters believe in expressing their opinions freely, which are at times different. At times there are heated arguments, but the decision is always unanimous.

Communication among the second generation is good, but they have still not caught up with the two founders. "If you share a piece of information with Agarwal uncle now, you can be sure that my father will have it in the next 15 minutes," says Manish.

The two families have equal equity holdings in every venture. There is a Business Council that includes the promoters, senior executives of the groups, and some consultants. It meets once a quarter to take stock of businesses and approve investment proposals. There is also a Family Council that has put tobacco and liquor on the list of taboo businesses. Members of the two families cannot invest in stocks or real estate in their individual capacity.

Both families regard Agarwal senior as the head, though both he and Goenka senior together keep a benevolent eye over the families. "If I have to go on a business trip, I seek permission from Agarwal uncle," says Manish. If Aditya asks the cashier for money, he gets a call from his father to know the purpose. "If my wife has to buy jewellery she needs approval from Goenka uncle."



The Agarwals recently moved to a new house in Kolkata's Ballygunge area. All the expenditure on this house was approved by Goenka. Goenka also approves everyone's salaries.

"I talk to Agarwal uncle more than to my father. As kids, we used to think that our father and Agarwal uncle were brothers," says Mohan.

The two families meet every alternate Friday to review businesses. They take a holiday together every Dussehra, all 50 of them. One of those days is the women's day out. That day the men prepare a fourcourse meal. "Business battles, like most other battles, take place when you want to take," says Agarwal senior. "If you start giving, there will be no fights." The group, he says, employs 27,000 people, but has never faced labour trouble.

Trouble came from a different quarter. AMRI Hospital, in which Emami Group is the largest shareholder, caught fire in December 2011. Eighty-five patients and four staff members died. West Bengal Chief Minister Mamata Banerjee swung into action against the hospital's directors. Emami's two founders were jailed, though Agarwal was put under police custody in hospital due to his fragile health. Manish and Prashant, too, were put behind bars.

For six months no one from the two families attended office, not even Goenka's son Mohan and Agarwal's son Harsh, who were not directors of the hospital and therefore not arrested. "It was unbearable to see all the cabins on our floor empty. Business continued as usual but my focus was on the case," says Mohan. By the time the arrested got bail and normal business resumed at Emami Tower, six months had passed.

Such tragedies can test and strain bonds among families, but these two stayed together. Throughout the case, which is still open before the Alipore court, the two families have had the same lawyer.

Agarwal's daughter Priti says the two families share a bond stronger than blood. "A husband and wife won't discuss things the way the two founders do," she says, sounding quite like the women do when Malvinder's and Shivinder's families go on holidays.