

4Ps Business & Marketing

ALL IN THE FAMILY

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COVER STORY

ALL IN THE FAMILY

FAMILY BUSINESSES ARE ADOPTING GLOBALLY PRACTICED MANAGEMENT NORMS AND ARE STRIVING FOR SYNERGY AMONG THE FAMILY MEMBERS ON BOARD!

Emami Group :
R S Agarwal
R S Goenka
Prashant Goenka
Harsh Agarwal
Priti Sureka
Aditya Agarwal
Manish Goenka
Mohan Goenka

Madison World:
Sam Balsara
Lara Balsara

Linc Pen & Plastics:
Aloke Jalan
Deepak Jalan

Pritish Nandy Communications:
Pritish Nandy

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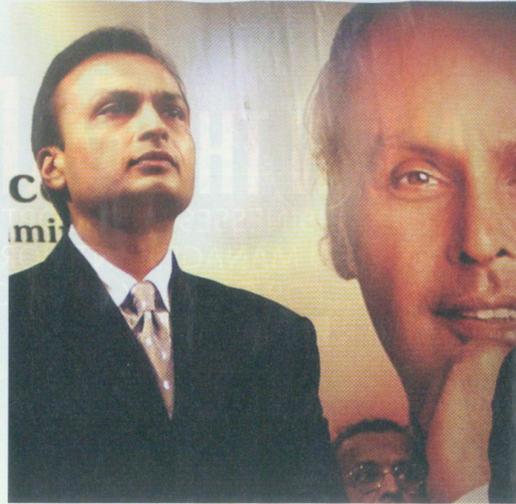
COVER STORY

From the local kirana shops to nation's largest breweries, Indian Inc. is dominated by family businesses. Amidst scores of names that keep the flag of family business high, only a few have been able to create leadership synergy through knitting the family members together and avoiding any major clashes! The success of family business is directly proportional to values and emotional bondage a family has. It is sad but true that only 13% of family businesses in India survive till third generation which further drops down to 4% beyond the third generation. Most start-ups begin as a family business; therefore promoting entrepreneurship is directly linked to promoting family business. So, let's introspect the rationale behind such a phenomenon.

Family business connection may yield unique advantages in acquisition of resources and self-funding, to some extent. Family ties provide an added advantage in opportunity identification because of family members' greater willingness to share information with each other. But some unique challenges also come across as a part and parcel of such firms. The most prevalent predicaments in family businesses are conflicts and succession (Reliance family feud and Ranbaxy family feud are case in point). In fact, the success of a family business depends more on effective management of the overlap between family and business than on modus operandi of the business systems.

Transferring the values and business knowledge of the founders to future generations becomes more difficult as the family grows.

OWNERSHIP OF A FAMILY BUSINESS IS NOT PERCEIVED AS A LIQUID ASSET BUT AS A PROPERTY WHICH IS NURTURED AND DEVELOPED OVER GENERATIONS



They seem to struggle to keep all the members united and their interests should be aligned over the years. It further deteriorates with each passing generation. When families reach the third or fourth generation, their members may barely know each other – making it almost impossible to maintain aligned interests within a large family. Succession is probably the most significant issue a family business has to cope up with. Intergenerational transfer is not a one-time activity but needs to be carefully planned. Ownership of a family business is not perceived as a liquid asset but as a property which is nurtured and developed over generations. Moreover, the challenge faced by a firm in third generation with larger family size and company size would be much more tedious than the one faced by the firms which are in the first generation – run typically by the sole owner. Most importantly, it is not only the ownership but also the knowledge gathered over generations that is at stake.

However, you can bet your boots that the nuisance is not restricted

to only these two challenges. Typically, in the early and start-up stages of the family business, company's and family's assets are not legally separated – it complicates the situation further and raises conflicts of priority (between family and business). For instance, Brent Redstone took his father and sister to court over ownership issues. Even Mafatlal's family saw similar family feud.

As and when the business starts growing up, it becomes imperative to attract well-qualified professionals. But, family business firms often find it difficult to attract good specialists to assume executive positions. Above all, negative perception of the skilled professional over the issue of 'career progression' does not help either – as they are perceived as an organization where non-family member will be at a disadvantage all the time as compared to a family member (even if the latter is less suited for the job). In fact, family control exhibits specific weaknesses when descendants are involved in the top management. Stock market reacts negatively to the appointment of

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Ambani brothers at their AGM, Oct 31, 2002 - before the family feud made them apart

family heirs as managers (as per a study conducted by Perez-Gonzalez and published in American Economic Review titled 'Inherited control and firm performance'). To top it up, the emotional string attached with the family members make it extremely difficult to shed human resources that eventually leave negative impacts on the overall economic performance of the firms. The situation just becomes worse for the small firms.

Another challenge is fund raising and the associated fiscal bias on whether to rely on equity finance or debt finance. Moreover, owner-manager of privately held family firms tends to be reluctant to involve external investors. They might end up selecting a funding option which might not be an optimal choice as far as the cost of fund is concerned but a fund that would not erode their control over the business. It's true that family firms have very limited access to capital market but then they even consider external equity as the last resort. A report of emerging market firms published by the Citigroup Global Markets (2007) sug-

gests that investors place a 3% valuation premium on firms in which family insiders wield significant but not absolute control. On the contrary, investors assign a valuation discount of 5-20% in case of firms where families are majority owners. One of the characteristics of family business is their long-term sustainability – often associated with cautious risk-taking behaviour which ultimately impacts their financial decision.

On a positive note, Credit Suisse research indicates that family owned companies tend to perform better over the long term and generates superior returns and higher profitability than their counterparts. Long-term strategic focus instead of focus on quarterly results is the key to success for the family business firms.

The economic landscape of most nations remains dominated by family firms. Concentrated ownership in the hands of a few wealthy families or individuals is a common feature among listed firms in many economies. Proportion of pyramidal or group firms (mostly controlled by families) in each market relative to the total listed firms stand out to be about 39% in East-Asian market, 19% in Western European Countries and 42% in emerging markets. Large number of family business is a common trend in the countries where acquiring funds is a bit difficult. Around 28% firms in India and 15% in Pakistan belong to a family business groups – out of which merely about 1/3rd are controlled through pyramids. On the contrary, in countries like Columbia and Sri Lanka pyramid structure is more prevalent – 29% out of 39% and 49% out of 63% respectively. Family business group might control only a few firms but often they are very large in size and play a key role in the development of a nation's economy. For example, only 10% of listed firms in Singapore belong to family business groups but they represent 42% of market capitalization. In contrast, in developed

FAMILY BUSINESS

ONLY 10% OF LISTED FIRMS IN SINGAPORE BELONG TO FAMILY BUSINESS GROUPS BUT REPRESENT 42% OF MARKET CAPITALIZATION

market such as US, UK and Japan, the largest family groups own less than 2% of market capitalization. Above all, family firms are not only important because of the contribution they make to the economy but also because of the long-term stability they bring in along with the commitment they show to local communities.

In India, families have significant stake in companies. About 95% of all Indian companies and family firms generate the vast majority of national output and employment. Thus, the abysmally low rate of intergenerational transfer is particularly significant. Majority of the firms crumble under the numerous challenges associated with the family businesses. But then it's not a completely hard-luck-story – some of the firms have successfully confronted the challenges and have made it big.

CYCBTH interviewed four different family businesses across industries that defies the conventional skepticism about family-owned business and have successfully created leadership-synergy. The four business families presently have diverse portfolios, but are managed jointly by family members and professionals and have been successful in keeping a common vision. These are those families who have broken the shell of 'doing the business in a traditional way' and have adopted internationally practiced management styles. If Linc went on roping in international brands then Madison allowed daughters on board, Emami went a step ahead and erased the thin line between friendship and family and PNC created a never-seen-before husband-wife leadership duo!

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COVER STORY

"WE'VE A COMMON OBJECTIVE TO MAKE LINC NO 1"

DEEPAK JALAN AND ALOKE JALAN, MANAGING DIRECTORS OF LINC, IN AN INTERVIEW WITH SRAY AGARWAL AND SAYAN GHOSH AT THEIR KOLKATA OFFICE REVEAL HOW THEY PLAN TO MAKE IT BIG IN THE WRITING INSTRUMENTS MARKET!

Linc is one of the foremost players in writing instrument industry - and one of the few listed companies in the industry. The organization is led by the siblings' duo: dynamic and ambitious Deepak Jalan and disciplined Alope Jalan. Deepak Jalan, based out of Kolkata, is an Associate Member of Merchant Chamber of Commerce, Member of the Writing Instrument Manufacturer's Organization and a Member of Calcutta Pen Manufacturers and Dealers Association; while Alope Jalan has moved to Mumbai from Kolkata to enhance the organisation's presence in Western and Southern India. It was Deepak's vision to rope in mega stars like Shahrukh Khan and Katrina Kaif as brand ambassadors of Linc, a rarity in writing instrument industry. Alope Jalan - the more conservative of the duo - on the other hand is responsible for domestic sales, product development & pricing strategy, consistent and constant development of quality and innovations. The dynamic duo in a matter of a decade has taken the brand from an insignificant eastern India-centric company to an internationally recognised brand.

How long have you been in this business?

"WE ARE ONE OF THE TOP BRANDS IN THE MIND OF CONSUMER, ESPECIALLY BECAUSE OF SHAHRUKH KHAN, KATRINA KAIF AND OUR IPL TIE-UPS."

Deepak Jalan: This was started by my father 35 years ago. I joined the Linc Pens soon after my graduation in 1985 when I was 19 years old.

Alope Jalan: I joined it after my graduation. I started from handling corporate business and then slowly moved to overall sales.

The competition in the writing instruments sector has seen quite a surge. How have you strategised to beat the same?

Deepak: In last 15 years the industry has become more organised. To stand out in the crowd we went for some endorsements like Shahrukh Khan and Katrina Kaif. We are also part of a IPL team. Besides, we are keen to increase distribution across the country.

Alope: We decided to go professional and started retailing. This gave us a good response and growth opportunities. We set up a proper distribution channel to distribute our products to rural areas also.

What kind of competition do you face in the market?

Deepak: This industry has a low entry barrier. So far I have not been able to find a concrete solution to tackle the competition. We are always struggling with that. Distribution is the key to success more particularly in our industry. So, we are trying to expand our distribution channel.

Alope: Currently the market is flooded with unbranded direct fill (use & throw) pens which are eating share of Rs 5/- segment. It's tough to combat competition in this segment, so we are focusing more on



Rs 10/- segments now.

How different are you from each other in your leadership style and management outlook?

Deepak: I am more extrovert and Alope is more reserved.

Alope: I am concentrating only on Indian market whereas Deepak is looking for global market. I focus more on BTL promotions and he focuses more on ATL for brand building.

In spite of having differences in working styles, how do you maintain a common objective?

Deepak: Fortunately I being the elder brother, get the due respect from him. I have been lucky to sell almost 90% of all my ideas to him be it Shahrukh Khan or be it Katrina Kaif.

Alope: We have a common objective to make LINC No 1 player in the writing instruments market. Irrespective of the difference in working style, our aim remains the same and we work together to achieve it.

How do you tackle resistance

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LINC GROUP

"I HAVE NOT BEEN ABLE TO BUILD A VERY STRONG TEAM. I WANT TO SEE A DAY WHEN THE COMPANY RUNS ON ITS OWN EVEN WITHOUT MY HELP"

each other?
Deepak: When I called up Katrina Kaif for Uniball advertisement, it was a cakewalk for me to get Alok's approval. That is the only thing I can think of where it was very easy to sell the idea.
Alok: [Smiles] When I was against signing SRK.
What makes one a perfect business leader?
Deepak: A leader should be capable of building a strong team and should be innovative, and most importantly - he should be a people's person. He should be able to build career for others. Unfortunately, I have not been able to build a very strong team. I want to see a day when the company runs on its own even without my help.
Alok: People management is one skill a leader must possess.
Is it tough for new entrants to enter this industry?
Deepak: People who want to enter this industry have to go to the grass root level to understand the industry. I have been in this industry for more than 25 years, but still I don't have a clear understanding about the consumers — particularly their buying behavior and the pattern.
Alok: Confidence and sincerity are two vital qualities an entrepreneur must possess.
Whom do you draw inspiration from to move forward in life?
Deepak: I have always admired Dhirubhai Ambani. His was a very inspiring journey. And also Emami group for that matter. I have learnt a lot from the way Mr. Agarwal and Mr. Goenka conduct their business operations.
Alok: My father. We have seen him working day and night during our starting period.

from team and management?
Deepak: Sometimes I put my foot down. It has happened many a times. I like to experiment. One has to keep experimenting and be innovative to be successful.
Alok: There is a lot of resistance from the team members and sometimes it becomes very difficult also to convince them.
How do you rate the brand Linc in terms of brand awareness and brand recognition?
Deepak: Even though Linc is not being overrun - we are among the top 3 brands and I believe that so far awareness and recognition are concerned - we are perceived to be much bigger than what our market share reflects.
Alok: We are one of the top brands in the minds of consumers, because of SRK, Katrina and IPL tie-ups.
You have recently tied-up with Mitsubishi writing instruments. Are you planning to rope in more such international brands?

Deepak: We believe that Uniball still has a very long way to go in India, and we have to increase our worldwide market share. We don't want to lose focus on that. So, we don't have any such plans in mind at the moment.
The concept of writing instrument has changed and a lot of luxury brands have come into the market. Don't you think Linc should tap this market as well?
Deepak: We have a brand called Lamy from Germany. This is one brand which is in the high segment with a price range of Rs 1000 and above. And then we also have a premium brand which is called Cruiser. From this year we are trying to make this brand more prominent. So, we are launching products in the Rs 1000 plus segment. By the end of this year we are planning to have a bouquet of 10 products in the segment of Rs 1000 to Rs 10,000.
Which is the most unforgettable moment both of you had with

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COVER STORY

"WE ARE NOT AGGRESSIVE ABOUT OUR INTERNATIONAL OPERATIONS"

IN AN EXCLUSIVE INTERACTION WITH SRAY AGARWAL, SAM BALSARA - CMD, AND LARA BALSARA - BUSINESS DEVELOPMENT MANAGER OF MADISON WORLD GETS CANDID AND TALK ABOUT THEIR STRATEGIES AND INTERNATIONAL EXPANSION PLANS!

Leading communication company Madison is a one stop solution for all your advertising and communication needs. The company is headed by veteran Ad. maker Sam Balsara who is the Chairman and Managing Director of Madison World, and his daughter Lara Balsara. Having biggest names like Coca Cola, Godrej, Airtel, Procter & Gamble in their client list, this company has been amongst the most influential and powerful advertising companies in the country. After completing graduation in economics from St. Xavier's College in Mumbai, the young and enthusiastic Lara has joined the company five years back. She is a blend mixture of a shrewd and incisive businesswoman. Her approach has taken the company ahead multifold. In all, she has the passion to make a mark for herself.

Madison started in 1988 with Godrej and Nelco accounts and within a span of 23 years it has become the pioneer among the Communications Industries. How has the journey been so far?

Sam Balsara: The limited success that we have achieved today is because of our strong value system of putting our client's interest ahead of our own interest, capitalizing on

opportunities and most important of all being patient and not just chasing growth.

Lara Balsara: It has been fantastic, with lots of highs and some lows. Overall, it has also been a huge learning experience.

Last year Madison grabbed an account of GM worth Rs 100 crores. How far has the company moved since then? Did the deal mark a stepping stone in the success of the company?

Lara: 2010 was a fruitful year for Madison. We won the coveted ITC media AOR that spans 13 categories from personal care to hotels to apparel to food. That was our largest win. We set up a 40 member team in Bangalore and Kolkata to service the account.

Sam: We also retained the GM and Airtel account in a multi-agency pitches (we have been handling the Airtel Media AOR since 2003 and GM media AOR since 2005).

What are the changes you brought in the companies?

Sam: My focus has been on organization building and conceptualizing Madison World as a concept that holds all Madison companies together to a common vision and value system.

Lara: Human resource is the most important for the growth of any company and we have realized it at nascent stages. That's why I have introduced Stock Partnership Scheme to attract and retain talent within the group.

Yours is a more informal kind of an organisation. What kind of corporate and work culture do

you follow?

Sam: Our style is open door, informal and has enough room for individual initiative as long as our people deliver to our clients' objectives. Lara is focused internally and I am externally focused.

Lara: We try to build a very open and friendly work culture and encourage Madisonites to come up and give their suggestions.

How do you make sure that in spite of being different individuals, you both strive towards a common goal?

Sam: We are both aligned on a common vision for Madison World. So whilst there may be differences in the tactical plans or routes to follow from time to time, we both know what we are striving for.

Lara: We settle them based on what is best for a given situation. My dad has strong views based on his past experience, but is fortunately open to change and not dogmatic.

How do you find each other as colleague? Which has been the most cherished moment?

Lara: The first time I proved him wrong! As a colleague, Sam has tremen-

"2010 WAS A FRUITFUL YEAR FOR MADISON. WE WON THE COVETED ITC MEDIA AOR THAT SPANS 13 CATEGORIES FROM PERSONAL CARE TO HOTELS TO FOOD"



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MADISON WORLD

"MEDIA IS CONTINUOUSLY EVOLVING WITH TIME AND THE PACE OF CHANGE IS VERY FAST. A DECADE AGO THINGS WERE TOTALLY DIFFERENT"

dous energy and can work really long hours. He is determined and never gives up things easily. Right in the beginning, my dad wrote down a vision and value system. He also has some fundamental operating systems which he follows unwaveringly. But he is little impatient at times.

Sam: The first time she proved me wrong! I must admit that Lara is mature beyond her years and can take a hard, cold, emotionless decision in the interest of the job at hand. Lara has taught me the importance of focus and prevented from making mistakes by going into too many diverse things. I feel she can be more corporate at such times.

You recently had a Joint Venture with Beattie McGuinness Bungay (BMB)? Any such future plans in pipeline.

Sam: For some reasons, Madison is known more for its media than creative service; so we feel that we have not been able to achieve what we hoped to. We felt tying up with another partners who have strong creative reputation would help us. So, we partnered with BMB, a UK-based creative ad agency founded by internationally renowned Trevor Beattie. BMB India is a 50-50 joint venture (JV) with BMB and Madison World.

Madison seems to be going global [with JV in Sri Lanka and Thailand]. How do you plan to bring a paradigm shift in your modus operandi?

Lara: We are not aggressive about our international operations and feel that we are living in times where India is the toast of the world. We get into JV abroad only when we find a right partner. We started Madison Media Sri Lanka as a JV with an independent local media company — Media Factory. In Thailand, we have a JV for Events, Exhibitions and Artiste promotions.

How has increase in digital media changed the entire media industry? How do you plan to increase your presence in the same and are you planning to increase spending on digital services?

Sam: Digital media as a marketing medium is growing every single day. When any media plan is made, digital is always included in that plan. We have a team of specialist digital people who help our media planners plan for digital, at the same time we are trying to get all our off line planners to understand the medium by having workshops.

Did you feel a change in the way media industry works, since last one decade?

Sam: Media is continuously evolving with time and the pace of change is really very fast. A decade ago things were totally different and therefore we need to continuously change our business strategies and thus we can't be very rigid in our approach.

Madison's strengths...

Lara: We believe in having a few but satisfied clients. Our aim is that each client gets a dedicated team servicing them and it seems to have worked well over the years. So our strength is our clients.

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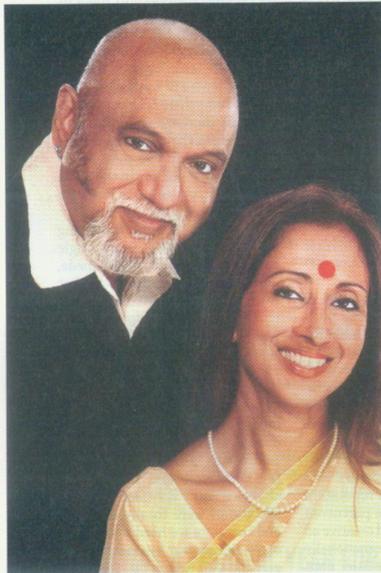
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COVER STORY

"FOUNDERS CREATE A COMPANY. OTHERS TRANSFORM IT"

PRITISH NANDY - CHAIRMAN, PNC AND RINA PRITISH NANDY - DIRECTOR, PNC EXPLAIN TO SAYAN GHOSH, WHY THE ENTERTAINMENT AND MEDIA INDUSTRY IS NO LONGER THE SAME



"I THINK THE DECISION TO MOVE AWAY FROM TV TO MOVIES WAS CRUCIAL AND TAKEN AT THE RIGHT TIME"

Pritish Nandy's journey as an entrepreneur started in September 1993, when he along with his wife Mrs. Rina Pritish Nandy incorporated the coveted Pritish Nandy Communications (PNC). PNC has received largesse of awards, not only in India, but internationally as well. Always striving for creativity par excellence, he got his wife Rina Nandy along with him, to work shoulder to shoulder to form this marvellous organization. Today Rina Nandy looks after the wellness operations along with other directors and Pritish Nandy provides the creative inputs.

What kind of transition has the industry seen over the years?

Pritish Nandy: The fundamental change in the entertainment business is that we are increasingly addressing a larger and larger audience every year, which is redefining the very nature of the content being produced. Excellence is constantly under pressure and popularity invariably means addressing the larger taste. The best movies we make in India rarely get rewarded by the box office and what the box office rewards are not always a stuff that would win an award.

What measures are you taking to make the company as the leading brand of India?

Rina Nandy: PNC believes in excellence. That is what defines our work, our brand.

Pritish: Maybe it's not where everybody else wants to be. But that's fine with us. I think quality is what sep-

arates the men from the boys in every business.

Being the founder-chairman, how have you divided the responsibilities among family members?

Pritish: Rina oversees wellness operations which are run by a group of excellent professionals. Pallab Bhattacharya, our CEO, Rangita and Ishita, my daughters, and the Corporate Leadership Team at PNC are perfectly capable of looking after the movie business on their own. I only provide creative ideas and show directions.

How does the stiff competition affecting the market of PNC?

Pritish: There's lots of competition in the business, lots of rivalry. But that's fine. It helps us to hone our skills and expertise, and to stay ahead of the rest.

Rina: In any case, our films are different; so are our aspirations and our expectations from the business.

What transformation did the company went through under your leadership?

Rina: It is too young a Company for any transformation. Founders create a company. Others transform it.

What marked the turning point of the company?

Pritish: I think the decision to move away from TV to movies was crucial and taken at the right time.

Have presence of each other eased the way you lead the company?

Pritish: Of course Rina's presence has helped. She has a quiet, soothing presence that certainly matters in the hysteric melee of the creativity business. As for 2 and 2, in my world make 22.

What are your upcoming projects?
Rina: We are in the process of finishing four small but remarkable films. We have also scripted and are ready to go on the floor with four new and bigger films.

Pritish: These are all typically PNC films. We are making sequels to four of our best known films: Kaante, Pyar Ke Side Effects, Jhankaar Beats and Chameli. Even Hazaaron Khwaishein Aisi may have a sequel. While Ek Khiladi Ek Haseena is being animated by a US Company.

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EMAMI GROUP

"WE NEVER HAD ANY STRIKE, ANY LOCKOUT..."

IN AN EXCLUSIVE INTERVIEW WITH SRAY AGARWAL AND SAYAN GHOSH, R S AGARWAL AND R S GOENKA, JOINT CHAIRMAN - EMAMI GROUP, TALK ABOUT THE PAST, THE PRESENT AND THE FUTURE OF EMAMI GROUP

Way back in mid seventies, two childhood friends left their high profile jobs to chase their dream of forming a company. Today, it is the country's leading medicine and cosmetic brand. The Emami group is a classic tale of everlasting friendship between Mr. R.S. Agarwal and Mr. R.S. Goenka and their respective families. These two childhood friends, after completing their school and college joined the same company (Birla group of Companies). Both of them reached respectable position in that company - but they were not satisfied with it - as their inherent entrepreneurship instincts were enthusing them for spawning more! This was the time when the genesis of Emami actually cropped and eventually their dream destiny unfolded with the forming of the company in 1975. The rest was success, growth, accolades, recognitions and rewards.

The time you started the company, the situation in Bengal was quite disturbing. There were companies who were going out of the state. What motivated you to start your venture in Bengal?

R.S. Agarwal: I am born and brought up in Kolkata and we were quite young at that time, so there was no question of moving out. It was quite convenient to reside in Kolkata where we had been living before. Bengalis are quite emotional, they wouldn't cause losses to him. That is why in last 40 years we never had



any strike, lockout, or demonstrations in any of the factories. So much so that there has not been a single case of 'employee retrenchment' till date.

R.S. Goenka: Our schooling was in Kolkata. And our parents used to live in Kolkata only. So, we had no other choice but to start in West Bengal. Moreover, Mr. Agarwal had a wholesale store in the city. So, we thought of starting the business there only.

When we talk about family run business, research says it does not run for more than 3-4 generations. How do you plan to avoid any

probable family feuds?

R.S. Agarwal: I have bought many books from abroad and have studied them very carefully, then I have put many experts on the job too, like Barkley, Anand Rathi et al. So, I don't fear that. We also conduct 'family council meeting'. So, there is a lot of mandatory, obligatory and recommendatory rules made by us.

R.S. Goenka: It is very difficult to speculate what will happen after 3-4 generations. But till now, the relationship with the second generation or even third generation seems to be quite alright. So, we don't foresee any kind of problem with second or third generation.

Amidst all the new initiatives that Emami Group have taken in recent times, which one do you think has enhanced the brand equity?

R.S. Agarwal: The edible oil venture and the Palm plantation in South Asia. Today, it is one of the leading brands with sales of around Rs 3,500 crores. My daughter is taking care of the R&D department.

R.S. Goenka: It is the introduction of our Fair & Handsome team. When we

launched the product, nobody was present in that segment.

What are the future plans for Emami Group?

R.S. Agarwal: We have big plans regarding edible oil, paper, FMCG. We have also plans for realty. In realty, we are the biggest player in the eastern part of India.

R.S. Goenka: We are planning for major expansions and diversifications. We are foraying into hospital business in another two years. Then, we are expanding our paper mills to the tune of Rs 1,500 crores. We are also setting up a cement plant in Raipur (Chhattishgarh).

COVER STORY

"THERE IS NO BICKERING AMONG US..."

FIVE DIRECTORS OF EMAMI GROUP IN A DISCUSSION WITH SRAY AGARWAL AND SAYAN GHOSH, SHARE HOW THEY ARE TRYING TO CREATE A SYNERGY THAT WOULD DRIVE THE COMPANY TO A NEW ZENITH

The friendship of Mr. Agarwal and Mr. Goenka is an example for the generations to come. But what is more admirable is that the legacy has been passed on to the next generation most prudently. Mr. Agarwal's family and Mr. Goenka's family have grown up together, their kids went to the same school and college; and were literally born to be together. Both of them have emphasized that the two families in real sense are not 'two' but 'one'. And so it is - as it was evident from their answers - they flock together - their opinions border around same objectives, same views, same mind-set, and same style. However, the drawback to this amazing commonality is that it will be devoid of debate and it will minimize the opportunity of brainstorming; with no chance of postmortem of major decisions.

How does it feel to be a part of such a big conglomerate?

Manish Goenka: I have been part of the growth of the group from a long time. After class XII, I started coming to the office on regular basis. That time, the company's turnover was around Rs 25 crores. The values I inherited from my father and uncle keep me grounded all the time.

Harsh Agarwal: I started working in

the company from college days and today its more than 15 years.

Prashant Goenka: There is learning from these very dynamic professionals. Even if you get a few percentages of them, you would think yourself extremely lucky.

Priti Sureka: Today, Emami is a very venerable group. It enjoys lot of trust from not only domestic sector but internationally too.

Mohan Goenka: I feel honored, I feel great. At the same time it becomes a great responsibility.

How is it working with the other directors?

Manish: We had similar feelings from the very onset. Like Aditya and me - we are given assignments together, always.

Harsh: During discussions or at work, there might be difference of opinion. It gives us an opportunity to get with each other and understand each other's perspective.

Prashant: We are the second generation in the organization. It is eleven of us. Closely working with each other is very important and working with each other doesn't mean that you are not taking your or mine chair, it's how much we can compliment each other.

Priti: One may have arguments, one may have difference in views, but at the end of the day there is no friction among us.

Mohan: It's a great motivation to work with likeminded people. There is competition among us too that help us in enhancing our overall performance. Having said that there is no bickering among us, it's a



healthy competition.

What are your international expansion plans for edible oil?

Manish: It is a diversified group. We took over edible oil only three years back. But now we are very aggressive in edible oil business. The way we are going, we can achieve the goal of being one among the top 3 players in the country in next 5 years. Internationally, edible oil is a very volatile market. Therefore, backward integration in this product category is our top most priority. The biggest palm growing countries are Malaysia and Indonesia. So, in either of these countries we have plans to invest heavily on palm cultivation.

The company has also ventured in an underdeveloped continent like Africa. How promising is the market there?

Prashant: If we see the entire emerging markets in the world, we will find that most of them are developing or under-developed coun-

"WE ARE AN INDIAN MULTINATIONAL COMPANY, BUT COMPLETELY A LOCAL COMPANY WHEREVER WE GO. WE HAVE DIFFERENT STRATEGIES FOR DIFFERENT MARKETS"

4Ps Business & Marketing

ALL IN THE FAMILY

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Left to Right: Prashant Goenka, Harsh Agarwal, Priti Sureka, Aditya Agarwal, Manish Goenka and Mohan Goenka

EMAMI GROUP

tries. You cannot ignore the population and the huge consumer base. We are going to Africa, because the multinationals are weak over there, it's a very open market, quite similar with India. We are entering aggressively in markets like South Africa, Brazil, Indonesia, Turkey et al. So, Africa is not the only markets we are eyeing for, but it's the most important one.

How is the multi-plant stem cell technology adding value to the Emami group?

Priti: Our R&D team always wanted to have this technology with us, because we believe that by enhancing the way of delivery and effectiveness it will add a lot of values to our product offerings.

Since Indian market is quite diverse. How far do you customize your products so as to suit the local preference?

Harsh: We are mainly into health-care and personal care products. What we have learnt over the years,

in both these category is that there is not much of a difference in taste among various regions. There might be some preferences in terms of perfumes; there can be some differences due to weather conditions... et al. That can be taken care of by having variance for that market. So, in many of the regional markets, we use celebrities to promote our products. The language is another factor - brand messages are generally written in local languages

Prashant: Our products are completely customized. We are an Indian multinational company, but completely a local company wherever we go. We have different strategies for different markets. It is completely localized.

Priti: Communication has been built upon in a way to tap the emotion of a particular segment. Like when we go to Southern states, we take celebrity from there; similarly for Bengal we have Rituparna Sengupta; and Shahrukh Khan for pan India. Apart

from celebrities, the activities which we do are regional too.

One decision of other directors you think is the cornerstone of success for the company?

Harsh: Aditya Agarwal and Manish Goenka are looking after edible oil business. They have started from scratch, and now on we are on the right track.

Priti: It is the takeover of Zandu, which was the major factor for Emami's success. It further added to our position as a major FMCG player. My dad and other directors took this decision which turned out to be a successful one.

There must be a decent share of generation gap between you and Mr. Goenka and Mr. Agarwal. How do you try to bridge that?

Manish: They have changed themselves with time like anything. Whenever we travel abroad, they ask us to look for the latest product categories that have been introduced in the market. They are more modern than us.

Harsh: At times there might be some difference of opinion, but certainly not generation gap.

Priti: Mr. Agarwal and Mr. Goenka are the most progressive generation that I have ever seen. But if there are issues where the young generation feel otherwise with the Chairmen, the view is put across and then sorted out.

What is your leadership style?

Manish: I give a lot of freedom to my men. Everyone makes mistakes, and I am not afraid of mistakes from my men. That is why our staff is very comfortable with us.

Harsh: I like to delegate work. I also participate in it.

Prashant: I believe in empowering people. Only then, they can do a great job. That is the most important thing. That's the reason we are growing over time.

Priti: My leadership style is mixed. It is quite participative and delegated at the same time.

Mohan: I trust my people. I delegate work. But once I am convinced, I take decision very quickly and instantly.