

Emami Founders Put GenNext at Helm, Set up Family Advisory Board

Emami's founder-promoters RS Agarwal and RS Goenka have set up a family advisory board with representation from the younger generation.

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BRINGING IN THE NEXTGEN Founders RS Agarwal & RS Goenka set up a family advisory board, with representation from the younger generation of the two unrelated families, to help Emami Group steer through various complex tasks of structuring a succession plan to avoid conflict in future

New Body to Script Emami Succession Plan

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Mumbai: RS Agarwal and RS Goenka, the founder promoters of the ₹9,000-crore Emami Group, have set up a family advisory board with representation from the younger generation of the two unrelated families as part of a succession plan at the Kolkata-based diversified conglomerate, which has interests ranging from fast moving consumer goods to real estate.

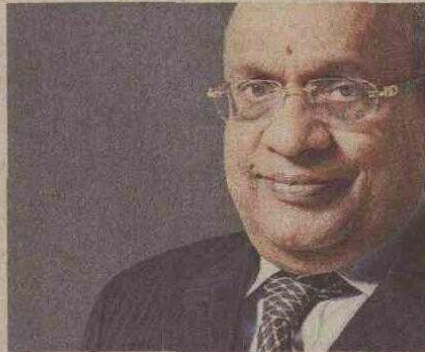
Non-family professionals heading various businesses in the group will report to the advisory board, which comprises Agarwal's children Aditya Agarwal, Harsh Agarwal and Priti Surekha, and Mohan Goenka, Manish Goenka and Prashant Goenka of the Goenka family.

The advisory board will steer the group through the complex task of structuring a succession plan to avoid conflicts in the future. The group will also hire US-based The Family Business Consulting Group to help in this process, RS Agarwal, joint chairman of the Emami Group told ET.

The formation of the board comes after the close-knit promoters, former employees of Birla Group, dropped their initial plans of either nominating one person from each family as successors or setting up a family trust to park their holdings. Harsh Agarwal and Mohan Goenka were seen as the front runners in the family to formally lead the flagship FMCG business, which has been aggressively acquiring brands and companies.

"Both families have equal cross-holdings across various group companies and will seek advice from experts to chart out a robust plan," Agarwal told ET. "We have ensured that the next generation in the family shares a close relationship similar to mine and Mr Goenka's and all of them are not different from each other in their values, mindsets and approach to business."

All businesses of the Emami Group have one member from each family on board as



ON BUSINESS MODEL

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RS AGARWAL
Founder, Emami Group

a director. Emami Group watchers said it will be a challenging task for the promoters to chalk out a clear succession plan without ruffling feathers in the family.

"Fortunately for the group, there are no different voices in the family and they are similar in nature although they are from two different families," said Anand Rathi, founder chairman of Anand Rathi Securities, a financial services firm, who has known the Emami founders since the inception of the group.

The promoters have trained the second generation to have a unified approach, said Rathi. "So while the daily operations are handled by non-family professionals, the family has worked along with them

smoothly, with each of them playing to their respective strengths," he said.

The challenge for most family-owned businesses, according to Rathi, is to coordinate a structure that has professional managers hired from outside and equally capable family youngsters with formal education and ambitions.

Close friends Agarwal — a marketing and branding expert, and Goenka — a financial expert, have moved out of operational roles to mentor the overall group operations and the family advisory board.

The founders are now focused on ensuring that the next generation works together without conflicts, just as they did.

"There is a formal code of conduct laid down for all members of the family," said Agarwal. "Succession planning is an area we are looking at very carefully and seriously, and taking a lot of advice from experts to ensure unanimity in the family and working together to achieve business goals."

The formal code of conduct includes dos and don'ts such as no personal loan for any family member; no stock market speculation on part of anybody in the family and restriction on the number of holidays allowed in a year.

Agarwal and Goenka began their business partnership by setting up Kemco Chemicals in 1995, which was later converted into public limited company Emami. While Agarwal took charge of marketing and advertising, Goenka, a law graduate, handled sales and finance.

In 1998, Emami Ltd was merged with Himani Ltd and called Emami Ltd. Since then, the partnership has built a huge portfolio of businesses, including Emami Paper Mills, drug retail chain Emami Frank Ross, leisure bookshop Starmark, ball-point tip maker CRI Tips, AMRI Hospitals and Emami Realty, among others. The flagship Emami, the maker of male grooming products, which contributes ₹7,000 crore to the group's turnover, has purchased a local hair and scalp business, Kesh King.

The Family Tree

