

## EMERGING MARKETS

### Indian entrepreneurship

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Kamini Banga interviews two sisters, executives in the \$2.6 bn Godrej family business, to explore what the truths and myths are behind the cult of the Indian entrepreneur, their role in India's dynamic growth, and what the rest of us can learn from this creed

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By Kamini Banga

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The driving force behind the booming Indian economy is the cult of the business entrepreneur who not only owns the business but is the face of the business. There are examples in the West, such as Richard Branson and Steve Jobs, but entrepreneurs in India seem to enjoy even greater hero status and preside over much more diversified conglomerates. Ratan Tata, for example, chairs a \$70 bn family business that takes in cars, steel, chemicals, hotels, beverages and telecoms.

But just how important is the role of the Indian entrepreneur in India's economic ascent, and what lessons are there for other markets? I put these questions to two sisters Nisa Godrej and Tanya Dubash, who are executives in the Godrej family business. Founded in 1897 by Ardeshir Godrej, the business today is a \$2.6 bn conglomerate with interests in sectors including real estate, FMCG, industrial engineering, appliances, furniture, security and agricare.

#### **KB: How have entrepreneurship and the role of entrepreneurs in India evolved?**

Over the past three decades, entrepreneurs have gone from being rebels to becoming mainstream heroes in the eyes of the Indian public. India has always had an entrepreneurial culture; the success of our diaspora as industrialists and small business owners in locations as varied as Uganda, Dubai and California speaks to that truth. However, our entrepreneurial culture was suppressed in India for the first 40 years after Independence, held down by Fabian philosophy and unchecked bureaucracy. The entrepreneurs who thrived in such an environment were cut from a different cloth. They rebelled against the norms of their time, the License Raj (strict regulations that governed how businesses could be set up and run in India between 1947 and 1990 to meet the goals of a planned economy) and a culture which saw profit as a dirty word. Their example and the opening of the Indian economy have seen entrepreneurship reclaim its valued status in Indian society. Entrepreneurship is taught at our leading business schools and even the native business acumen of our dabawallas and kirana shop owners is celebrated.

**KB: Why is the entrepreneur such an important and visible figure in Indian business?**

Indian businesses tend to be promoter-driven and less professional, so the entrepreneur remains the public face of the company even when it could be considered a mature enterprise. Also, the Indian press tends to focus on the owners of the enterprise instead of its leaders. At Godrej, we have consciously worked to develop professional managers of our businesses who come from outside the family. They are also the spokespeople for their businesses and we would love for the press to pay more attention to them and less to the promoters. We believe that family members should be professionally qualified and held to the same performance standards as everyone else. If a non-family member is better suited to a particular job, then that person will get the job over the family member because in the long-term, that creates business value and keeps on attracting the best people to work for us.

**KB: Why do we find so many highly diversified conglomerates in India?**

Diversification was the only logical response to the pre-1991 License Raj in India, where capacity expansion was severely curtailed but vertical integration and new business development was tolerated. I suspect you will see some degree of specialisation advancing over time. For example, the Mahindra conglomerate has recently defined itself around the proposition of movement with its new positioning, Riseq. However, for the largest conglomerates such as Tata, there are still huge synergies rooted in the fragmented business ecosystems common to emerging markets, to be reaped from shared talent management, branding and financial muscle. This would probably continue for some time as a parallel model.

**KB: What can the rest of the world learn from India in the way it develops products and services, brands them and markets them?**

The key lesson India could share is how mass populations evolve interesting new ways to use products that suit their needs and conditions. This takes on different forms . for example, selling cigarettes individually and not necessarily in a pack, and farmers loaning harvesters to their neighbours. If businesses are able to anticipate these fast evolving needs and design products accordingly to keep pace, they would unleash huge potential for growth and exploration. We would not have the kind of GDP growth that we are experiencing without innovation. India's companies, large and small, are innovating.

**KB: How will India expand its business globally in the future?**

The products and skills oriented towards meeting the diverse needs of the Indian population provide a platform that can be leveraged internationally, especially towards other emerging geographies, not to mention the Indian diaspora, which is already being strongly targeted. I believe some brands and companies will be able to expand and become global businesses. We did create the Silicon Valley. We are intelligent and have pride, and we will create opportunities.

**KB: Which Indian brands could become the super global brands of the future?**

Some Indian corporate brands are already leading global players, such as Mahindra (tractors and SUVs), Tata (steel, autos and trucks) and Reliance (petrochemicals). Each, in its own way, has made audiences the world over sit up and take stock of the Indian offering. Big global brands such as Coke, Pepsi, Unilever and P&G took years to get there. Japanese and Korean brands have taken less time to do so. But we will get there too. I think we have two key things . courage and belief that we can do it.

KB: What are the five things the West can learn from India?

- *A strong focus on education:* the willingness of children to sacrifice current happiness for future achievement
- *Care for the elderly:* Indians are often chastised for not being philanthropic - but with us, charity begins at home.
- *Family/community-centric lives and less individualism:* we look after our children, extended family and the community.
- *Recycling and reusing goods:* we have been recycling for years, whereas the West is only now looking at conservation of scarce resource
- *Cooking*

KB: How do you see your own future in Godrej Industries, and does being a woman make things more difficult?

Working passionately in the service of the group: we have been brought up with the idea of trusteeship of wealth. Or, as Roosevelt said: "To whom much is given, much is expected". So, our purpose is to work hard and build the brand and company for the next generation of stakeholders. We don't 'own' Godrej. It is simply in our 'trust' for a number of years before being passed on, healthier and stronger than when it was put in our trust.

Being a woman is easy because our parents have never discriminated. Also, people expect you to not work as hard as a man, so it becomes easier to surprise them. I don't think it is fair to say people have low expectations - they just don't have the same expectations as they do of men and you need to have more than just a little effort.



## PROFILES OF THE GODREJ SISTERS

### **Tanya Dubash**

**Executive director and president (marketing), Godrej Group**

She is also head of the Marketing Council, which comprises the heads of marketing of all group companies. The role of the council is to capitalise on synergies, share best practice and develop standardised processes through training and knowledge management. Tanya has a supervisory role in all group marketing initiatives, and is in charge of the marketing and new product development of new group initiatives. A graduate in economics and political science from Brown University, USA, Tanya has also completed an advanced management programme from Harvard Business School. She lives in Mumbai with her husband and two sons.

### **Nisa Godrej**

**President, human capital and innovation, Godrej Industries**

Nisa led a group-wide portfolio strategy initiative and has been instrumental in setting up a strategy cell for Godrej. She is also closely involved in the selection and development of top management and employee engagement with the businesses. Her assignments have spanned management strategy, human capital management, marketing, brand development and business turnaround. Nisa has a BSc degree from The Wharton School, University of Pennsylvania, and an MBA from Harvard Business School. She is passionate about girls' education, reading, trekking, and equestrian and water sports.