

## From Startup to a Successful Business

In this issue we present the saga of the journeys of a few startups in selected sectors in India. The articles and interviews talk about their challenges, strategies, entrepreneurship and more.

### Microfinance

Founded in 2001 under the leadership of Mr. Chandra Shekhar Ghosh, a Senior Ashoka Fellow, Bandhan specifically aimed at empowering the socially disadvantaged and economically exploited women in order to help them to fight against poverty and ill treatment. To achieve the above objective, Bandhan has been basically engaged in the delivery of microfinance services to the poor women for the last 14 years. All these activities are delivered through Bandhan Financial Services Limited (BFSL), incorporated under the Companies Act, 1956 and also registered as a Non-Banking Financial Company (NBFC). The operations that started from a small village, Bagnan, has spread over 22 States and Union Territories with special focus on eastern and underdeveloped states of North East.

### Aviation

With headquarter at Gurgaon, the budget airline company IndiGo is the fastest growing and the largest domestic airline in India. Set up in early 2006 by Mr. Rahul Bhatia of InterGlobe Enterprises, a leading travel and hospitality group and Mr. Rakesh S. Gangwal, a United States-based NRI, the brand has created its own niche in the aviation sector within a very short span of time by revolutionizing the concept of budget airline. When most of its peers in India are struggling hard to sustain in the long run, it has consistently been successful to churn out profits. As quoted by the company - "*IndiGo is built for people with things to do, places to be, people to see - who don't want to waste time, money or energy in the process.*"

### FMCG

Safechem Industries, founded by Mr. Vinod Kumar Jain in 1983, is one of the leading manufacturers & exporters of detergents in Eastern India, serving the customer requirements for more than three decades. The company has become popular with its flagship brand "Safed". With its exceptional performance in Southern Bengal in the initial years, Safed has now spread to more than seven states in Eastern India as well as Andhra Pradesh and Tamil Nadu. Mr. Ritum Jain joined the business in 2003. His inspiring leadership has been instrumental in the expansion of the company's network. In each of the states, the brand commands almost 30% and 35% share in the urban and the rural markets respectively. Sparkle, Champion and KWIK are a few other prominent sub brands of the company.

### SME

A proprietorship business started in 1977 with just an investment of ₹10,000/- and one employee, developed to partnership and finally to the company Clubb International Private Limited through the execution of innovative ideas and a desire to excel. The brand Clubb was launched in 1991 and presently has a range of products viz. soft luggage, rainwear, small leather goods and eco-friendly jute diversified products. It operates through online portals and exports to countries like Australia, New Zealand, UK, Spain and USA. Mr. Tarun Mullick, the founder, talks on the company and entrepreneurship at large.

### Analytics

Mr. Subhra Bishnu and Mrs. Priyadarshini Bishnu, the first generation entrepreneur couple from Kolkata started OrangeTree Global, a Business Analytics and Business Intelligence Training Company, with just an investment of ₹ 5 lakhs, 10 computers and three employees in 2009. The company crossed a crore in turnover within a short span of three years in 2012. OrangeTree Global currently provides an array of effective and 360 degree services designed from Analytics Training to Analytics Solution delivery that covers programs for working professionals, students and corporates.

## Microfinance: A Weapon of Empowerment to Fight Poverty

**Chandra Shekhar Ghosh**

*Chairman & Managing Director, Bandhan*

In conversation with the Editorial Team of *IMI Konnect*

**IMI Konnect:** *Bandhan was a small lending unit with a capital of just ₹2 lakhs with two employees. How did the idea of empowering women through microfinance services come up?*

**CG:** I have been working in the NGO sector since completion of my Masters in Statistics. During my years in this sector I got opportunity to travel frequently into remote rural areas, interacting and spending time with people living there. During one such visit I came across a very poor household. While sitting outside their mud hut I saw the mother cooking rice and her two year old daughter putting soil in her mouth in front of her. When I tried to explain the health hazards, the mother started to cry and I realized the pain of a mother not being able to provide the staple food to her child! This incident left a lasting impression on me. There were many similar instances, and I realized the root cause of poverty is the inability of people to have sustainable livelihood. Microfinance provides access to finance in the form of small credit, and thus encourage them to start enterprises. Therefore I chose microfinance as the tool to alleviate poverty. Women were the natural choice, as they use money judiciously being the prime care giver in a family.

**IMI Konnect:** *How did you help women break out of the social taboos and inhibitions to join the programme?*

**CG:** Contrary to the common mindset that Indian women should devote themselves in household chores only, they possess all capability to become a micro-entrepreneur, if provided opportunity. Take the instance of Jharna Biswas. She is a borrower of Bandhan's Haridaspur branch in Bangaon, West Bengal. She lived in a small tin roofed house with her husband and two sons. The couple worked in a local comb manufacturing unit, earning just enough for sustenance. In 2006 Jharna approached her relatives and friends, the local bank, and even moneylenders to provide a small amount to start with her own comb manufacturing unit. Nobody agreed. Then she came to know about Bandhan and became the member of one of its typical women group of around 20 women. The credit officer holds weekly meetings with the groups in one of the group member's house. After due diligence



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Jharna was sanctioned a loan of ₹5,000. With few dices and raw material sourced from the local supplier, she manufactured combs in small scale. Then, with the money saved during years of struggle, in 2013 she launched a full-fledged comb manufacturing unit. Presently she is availing a loan of ₹70,000 from Bandhan. She currently employs 15 people. They now have a double storied concrete roofed house in the village and her sons are busy supplying combs to Delhi and Patna markets. There are many such women belonging to similar background in need of small loans not available elsewhere. We started with lending them small loans starting from ₹1,000. Presently 65 lakhs women from disadvantaged background are availing credit from Bandhan.

**IMI Konnect:** *How has the journey been in these 14 years of operation to transform into the most successful microfinancier in India?*

**CG:** When we started off in 2001, our goal was to provide access to finance, to maximum number of people belonging to disadvantaged background and living in unbanked or underbanked areas. We are a value driven organization and hold the values CREATE (C-Cost effective and simple, R-Respect for all, E-Exemplary governance, A-Accountability, professionalism and discipline, T-Transparency and integrity, E-Effective team work and commitment) close to our heart. Since inception

we have been following highly standardized structures and procedures. A strict code of conduct is implemented judiciously so that client protection practices could meet the global standards. We also vouch for transparency. There is a robust grievance redressal system for borrowers in place and a strict timeframe is followed. Dedicated helpline, complaint boxes at the branches and an ombudsman committee are few of the initiatives which let the borrowers reach us without any inhibition.

**IMI Konnect:** *What are the factors that are taken into account by Bandhan on the governance front to deliver superior performance?*

**CG:** Bandhan is a bottom up organization as there is a process of collecting opinion of the staff even at the junior most levels. Once decisions are made, the staff are explained about the issued circulars in minutest detail. We have a very prominent board, containing independent members and utmost transparency is maintained in decision making process of the board. A strong team of around 150 professionals working in department of internal audit support the senior management in implementing and maintaining good governance practices throughout the organization.

**IMI Konnect:** *What is the USP of Bandhan?*

**CG:** I feel that the dedicated team of Bandhan and the strong bonding they share with the borrowers mostly belonging to unbanked areas have been the USP of Bandhan.

**IMI Konnect:** *What are the future strategies regarding the commencement of banking operations?*

**CG:** Bandhan was granted 'in-principle' banking licence on April 2, 2014. Presently we are working in 22 states and union territories, but we are planning to start operations soon with 600 branches across 27 states and union territories. We will continue to keep our focus on the unbanked region of the country and gradually cover the entire nation.

**IMI Konnect:** *In the context of huge NPA problem of Indian banks, how does Bandhan deal with risky assets? Which safeguards do you use for that?*

**CG:** During past 14 years Bandhan managed to have a repayment rate of more than 99% i.e NPA of less than 1%. The credit disbursement is done after following a very strict appraisal process. The credit officer visits the household of the applicant to assess her need and loan absorption capacity. The branch manager does 100% verification before sanctioning the loans. After credit disbursement, there is strong supervision with each of the borrowers meeting the staff at least 50 times a year. This results in establishment of some trust between them. Disbursement of appropriate amount in right time helps us to avoid instances of over indebtedness.

**IMI Konnect:** *What are the other initiatives or services that Bandhan is contemplating of foraying into for the holistic development of the poor?*

**CG:** Presently we are reaching around 7 lakhs people with development activities encompassing areas of exclusive programme for beggars, health, education, skill development, market linkage in around 5,000 villages of 10 states through the not for profit sister concern of Bandhan. In future we would like to contribute to the area of spreading financial literacy.

**IMI Konnect:** *What type of development/livelihood programs are carried on by Bandhan's not for profit entity?*

**CG:** The entity has taken up various programs benefitting a huge

number of people, eg. *Targeting Hard Core Poor Programme (THP)* is dedicated for the beggars and destitute women for provision of free asset, weekly consumption stipend, regular confidence building, provision and usage of sanitary latrines, mentoring, counseling and hand holding support etc.; *Bandhan Education Programme (BEP)* aims to reach out to non-school going and drop out children from economically constrained families with special focus on the girl child; *Bandhan Health Programme (BHP)* is for reducing health expenditure of under privileged families by health education through health forum and household visits, kitchen gardening, free health, eye and polio camps, water and sanitation, rural health clinics etc; *Employing the Unemployed Programme (EUP)* is for the unemployed youth, aiming at their skill upgradation for job readiness through skill development centers; *Bandhan Livelihood Promotion and Market Linkage Programme (BLP & MLP)* is a market linkage initiative with the setting up of Bandhan Creation, a retail store aimed to help under privileged rural artisans from across the country by providing them a platform to showcase their products and facilitate direct market access; *Bandhan Renewable Energy Programme* is to cope up with the energy poor state of the rural populace and to usher in environmentally sustainable energy solutions.

**IMI Konnect:** *What are the key issues relating to microfinance in India today that should be dealt with immediately?*

**CG:** Microfinance sector is going through a very exciting phase currently with an increased flow of fund and the return of equity investors. The industry is growing at around 50%. Many MFIs have applied for Small Finance Bank and Payments Bank licence; others are considering becoming Banking Correspondents (BCs). With the launch of MUDRA Bank there is a general expectation of increased fund flow into the industry. So far the NGO-MFIs have largely been outside the purview of any regulations. To protect the client's interest there is further scope of implementation of good governance practices in the industry. There is also dearth of skilled workforce including mid-level management staff due to which MFIs need to spend considerable time and energy on skilling up the youth.

**IMI Konnect:** *As a successful entrepreneur today what is your message to the aspiring entrepreneurs?*

**CG:** Let your entrepreneurship help people in rural areas. You are the channel to develop new aspirations there. Do not be scared to dream – just dare to dream, dream big. Then gather your will power and go chase your dream. If you want you can achieve anything you aspire for but do not forget your values and ethics. Shortcuts do not help in long term.

Our young population is potentially a major asset. But, we have to aggressively pursue better human capital development by emphasizing the quality (rather than only the quantity) of our education system and appropriate skills development for the young generation so that our potential demographic dividend can be fully exploited.

## Change the Game

**Ritum Jain**

**CEO, Safechem Industries**

There are some experiences that change our lives. When I left my cozy job and joined our family business, that changed the entire direction of my life. I became very focused and realized soon there is big difference between being an entrepreneur and being in service. This awareness created an element in myself, a deep passion and a big picture. Everything else became secondary in my Life.

I picked up my diary, my mental diary and started noting what to do and what not to do. While jotting the sketch, I saw a few big giants. I realized that in the battle field my brand 'Safed' is completely surrounded by multi-national detergents brands. Big troops with big swords and I am all alone. I worked out my strategy and picked up a guerrilla warfare strategy in marketing.

For second generation entrepreneurs, if legacy has to continue, one has to devote more time on strategic thinking for fresh ideas and a novel style of working as major challenges for Indian entrepreneurs today is competition from global giants. In this new era of a highly cut-throat competition, in order to scale newer heights, we have to be boundary pushers, path breakers and game changers.

Finding a place for Safed in the market was not an easy task. The brand had to fight the might of the multi-nationals. There was a swirl of impediments and it was thus important to etch a robust blueprint for progress. So I started constantly evaluating new possibilities and formulating fresh action plans to achieve goals. So for me it was no longer sufficient to merely look at the size of an opportunity but the specifics of what drives it; not only the price points, but what are the other influential factors.

This endless cycle of new information helped me to spot a new zone. First, I spotted my customers - the new rural super customers - the hinterlands' hero is here, ready to emerge. I saw a strong core of the consuming India populace whose change in attitude, unfettered desire to own brands and growing income would spur

the market. I realized just to give importance to 'popular price point' will burn my fingers as the new breed of rural consumers are no longer fettered by a 'scarcity mentality'. I shook away the burden of so called understanding of 'Rural meant rustic or unsophisticated'. I took a 'Risk' of creating a new price point - MRP little higher than leading detergent brand of popular category. I decided to plough back the additional margin to deliver a superior quality of detergent powder as two-thirds of rural super consumers are looking for products that either improve their lives or make it easier. So I committed all my efforts to reach out to rural consumers with smarter market prioritization strategies.



**Entrepreneurship is a spirit and it is very dynamic in nature. Highly creative entrepreneurs are rule breakers who don't like to conform to norms and traditions of the industry. They look beyond the present and imagine possible futures to steer in new directions. A person's unique ability to take an idea and quickly transform it into a business helps him to stay ahead of competition.**

The brand 'Safed' saw a new life with my risk taking ability to create a new price point in popular category. As an entrepreneur nothing can be gained without 'risk taking ability'. Safety is indeed stability, but it is not progression. History favours risk takers, everything else is commentary.

Great entrepreneurs are creative thinkers. Frankly, highly creative entrepreneurs are rule breakers who don't like to conform to norms and traditions of the industry. They look beyond the present and imagine possible futures to steer in new directions. A person's unique ability to take an idea and quickly transform it into a business helps him to stay ahead of competition. He is the first mover in the market.

If you need an inspiration and still haven't found a better place to clear your mind, spend a weekend in a place with big sky, lot of trees or listen to piano. They really do wonders. I agree, it can be difficult to think creatively with a clear head with so much going on around you all the time. If you are relaxed, the

creative juices start flowing.

Remember, nothing in business creates more fear than change. Yet without change a business is on a slippery slope towards irrelevance. To lead one needs to have his moral compass pointed towards

absolute integrity. And when one allows that he leads latitude to innovate and create effortlessly. One thing is common in all pursuits - the need of 'self-expression'. Most of the entrepreneurs make their own kingdom with an attitude of 'I want to win'. An entrepreneur, like a songwriter, has something to say in business forum. His dream, mission, strategy and unique game plan. Their melody is a vision that blends an entrepreneurial dream with commitment to act. The lyrics are their forward motion with a clear and simple message: "I want to win".

I never stopped experimenting with 'Safed' brand even after initial success. I explored new packaging design, reworked positioning platform and redesigned distribution. The game plan was 'keep on winning'. I have been working with only one purpose - to stay ahead of time. We came out with TV commercial that showcases a typical Rajnikanth style fighting sequence with comical character of bullets cleaning all stain marks!

The new look of packaging, superior washing formulation and the campaign "Safai Ka Superstar" won not only the mindshare of consumers but also the juries of World Consulting & Research Corporation (WCRC) (in association with Ernst & Young) who awarded 'Safed' as the most promising brand 2014. It is also great that the Safed TV commercial got shortlisted as finalist in the recently - concluded Ciclope International Festival, Berlin 2014. It is indeed a feat worth applause, as the brand, which has strong presence in Eastern India, has to contend with big-spending multinationals, which often employ the services of global creative power houses to their brand profiles. Safed became No. 1 selling detergent brand in West Bengal (AC Nielsen, 2013). We now aim to become largest selling detergent powder brand in Eastern Region.

The detergent powder industry is ₹15 billion and this industry is expected to record at least 7% growth annually and reach ₹22 billion by 2020. So with innovation, R&D and out of the box thinking, certainly there is an opportunity for us to create new brands with new promises. Here technology plays a big part besides marketing. As we work to drive business sustainability, partnering has become key competency to effectively create and build businesses. To create such invaluable connections we are sharing complementary competencies with companies like Novozyme, a world leading bio-tech company, Nielsen - a leading global information and measurement company, Bates Chi & Partners - one of the world's leading advertising agencies, and,

with their help we are continuously evaluating new areas of interest.

I always felt it is vital to integrate strategic entrepreneurship and collaborative innovation is necessary to create wealth. Sharing of ideas, knowledge, expertise and opportunities is significant when we do it with our mentor, collaborative firm and with the talents working within the organization. I called it as Master Mind alliance and certainly it helps us to design the business blueprint with greater insights.

Entrepreneurship is a spirit and it is very dynamic in nature. However sometime failures after failures can collapse your morale.

But, success always starts with failure. One should not worry about those who talk behind his/her back, they're behind him/her for a reason. Best way to experiment with new ideas is to do so in a controlled manner. One can place a new product through an online partner or launch a brand in a restricted geographic area to see the response. To set out a plan of action and blaze path to success one can't just go for a ready-made solution as the world has become far too unpredictable and profoundly complex. One of the strongest characteristics of a genius entrepreneur is the power of lighting his own fire. So, trial & error should be allowed and at the end one will come out with a unique business idea. Do you want to lead or follow? Leaders are not afraid with temporary defeats. A good educational background and a distinguishing career can provide you a solid foundation, but there's no substitute for the entrepreneurial experience

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Are successful entrepreneurs born or made? I have been asked this question numerous times. Entrepreneurs are both born and made. If you wish to be an entrepreneur, evaluate who you really are. Do you have a vision? Or just want to engage in family business? Your ability of leadership entails fairness, openness, respect, teamwork and execution. Remember, starting your venture is about a lot of aspects coming together - product development, sales, marketing, finance and operation. You have to spend a lot of time putting together with right team.

Entrepreneurship is multidimensional and it is all about knowing oneself. If someone asks to explain the mind of an entrepreneur, I would recommend one of my favourite books, Jonathan Livingston Seagull (1970)... "You've the freedom to be yourself, your true self, here and now, and nothing can stand in your way".

## Business Startups in India

Editorial Team<sup>1</sup>

*“What do you need to start a business? Three simple things: know your product better than anyone, know your customer, and have a burning desire to succeed.” – Dave Thomas, Founder, Wendy’s*

### Introduction

Over the years despite all economic, social or political changes across the world people have continued to start businesses in their own capacity. In a rough estimate, among the 150 million business ideas that people come up with every year, only a third of them get to see the light of the day. Success of a startup is hardly determined by the quality of the business plan or its presentation. Rather, the biggest challenge is to commercialize the idea with an operational efficiency that will overcome the initial inertia of creating something new. The process of entrepreneurship is multi-faceted, where even a natural entrepreneur is faced with a complex web of uncertainties. Over here, the entrepreneurial leadership and mindset play the most important role in translating the business idea into reality that can be successfully sustained.

Most often traits of a successful entrepreneur are misjudged as innate. Characteristic notions on entrepreneurs as wild risk takers or as those with lots of fund, need serious caution. However, the success of a business is largely dependent on the entrepreneur’s ability to set his own goals and strategically plan to reach them in incremental and measurable stages. The outcome of a successful entrepreneurial action greatly surpasses the personal gains of the entrepreneur. Sustainable entrepreneurial practices yield significant economic development at a macro level. The potential of right entrepreneurial practices as a generator of employment and income for the poor and the marginalized sections of an economy, or as a harbinger of development through local resource utilization and increased foreign exchange earning with unique low-cost products and services makes its indispensable for emerging India.

### Indian Startups

Startups in the Indian industrial sector have witnessed tremendous growth in recent times. India has emerged as the world’s fourth largest hub for startups with over 3,100 of them driven by tremendous growth in technology and software products in the country [Economic Survey, 2013-14]. Based on a survey on one

hundred and fifty five entrepreneurs from diverse backgrounds, in selected cities across India, the National Knowledge Commission in its report in 2008 observed that the principal motivation for entrepreneurship was *challenge*, while other prominent motivation triggers for them included independence, dream desire, family background, new idea etc. Motivation Triggers vary according to parameters such as region, gender, age, family background and work experience. Regarding finance, it was observed that 63% of the entrepreneurs interviewed were self-financed, while other sources included banks, venture capital (VC), angel investors and state finance corporations. There was still a perception that it is difficult to receive bank finance at the startup stage. 95% of entrepreneurs believed education is a critical success factor.

An interesting trend in India now is that the success of the new ventures is encouraging the students from premier institutes in India to turn down lucrative pay packages and start something on their own. Competition to invest in fast-growing startups in India has also become intense with hedge funds also joining the race with the venture capitalists. There is also a sudden spurt in the number of service startups that are making experts like tutors, electricians, yoga instructors, caterers available at the swipe on the mobile. Mu Sigma, redBus, Housing.co.in, Myntra, are among the notable names that have seen a huge success during the last decade.

Mu Sigma, founded by Dhiraj C Rajaram, former consultant for Booz Allen Hamilton and PricewaterhouseCoopers, has emerged to be one of the world’s largest Decision Sciences and Analytics firms within a very short span from the commencement of its journey in 2004. Co-founded in 2005 by Phanindra Sama, Charan Padmaraju and Sudhakar Pasupunuri, friends at BITS Pilani, who later worked in Top IT MNCs in Bangalore, redBus emerged as India’s most successful online bus ticketing platform.

The founders of companies are increasingly embracing the likelihood that employees could be budding entrepreneurs and hence the term ‘intrapreneur’ has caught attention. Many

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<sup>1</sup>The write-up is based on various reports in Economic Times and Business Line.

startups have been founded by people who previously worked with larger startups viz. YuMist, was founded by ex-chief marketing officer of Zomato, PressPlay was cofounded by former country heads of Zomato. It helps in the application of the experience gained and also an easy access to investors, who generally refuse to meet new and young entrepreneurs without referrals. Microsoft and Google were among the earliest companies to motivate employees to generate independent ideas, so long as the concepts or products did not compete with their own.

Infosys has planned to make a huge investment in startups in Silicon Valley, Israel and India along with venture capital firms. Tata Consultancy Services, India's largest software company, has mulled over screening of over 1,000 startups across Silicon Valley, Israel and Helsinki. Wipro and Cognizant Technology Solutions also have felt that investing in startups is much more easy and beneficial as compared to large, complex acquisitions. New York based Tiger Global Management, which is also a major investor in Flipkart, has emerged as the top investor in startups in India during the period January-April 2015<sup>2</sup>. Venture Capital firm Sequoia Capital has also invested substantially across various deals during the period.

In India, in the last decade, many companies have come up with innovative ideas in different sectors. Here is a list provided by the Economic Times, consisting of 15 Indian promising startups to look forward in 2015:

Startup	Industry
Team Indus	Aerospace
Instamojo	Ecommerce & Payments
Proof of Performance	Outdoor Advertising
Zoomcar	Personal Transportation
ShieldSquare	Security
Grey Orange	Warehouse Automation
QJicket	Internet
CarlQ	Connected Cars / Telematics
Aakar Innovations	Social Enterprise, Female Hygiene, Livelihood
CultureAlley	Education
Wooplr	Mobile Commerce
Gecko Tag	Internet of Things
IndiaCollegeSearch.com	Education
SensiBol Audio	Entertainment, Education, Technology
Foodys.in	Online Food Ordering & Delivery Logistics

Source : The Economic Times

## Challenges and the Way Forward

Though there is an increased interest on startup business, there are many challenges that need to be addressed. For the startup ecosystem to flourish, the procurement of the right amount and kind of funding from a proper source is of utmost importance. Angel investing<sup>3</sup> is lacking in the startup businesses in India. Another challenge lies in building a strong, competent and dedicated team. Hiring personnel with the requisite skill set becomes imperative at this stage as in the initial years it is difficult to gain the confidence of the people to join the company. The weapon to excel in the long run lies in the superior acumen and intelligence of the mentor. The latest World Bank Ease of Doing Business (October, 2014) has positioned India at a very unimpressive rank of 142 out of 189 economies. In terms of Global Competitiveness Index 2015 by World Economic Forum, India ranks 71 out of 144 countries. Interestingly, it ranks 3<sup>rd</sup> in terms of market size, but 121<sup>st</sup> in technological readiness and 49<sup>th</sup> in terms of innovation. In this context an ambition for a transition from a job seeker to a job creator will not be easy with lot of hurdles and hardships in the way. Introduction of tax reforms and simple policies for new businesses is also a prerequisite.

It seems that the government has also recognized the importance of the growing startup businesses. In this year's budget, it was announced that ₹1,000 crore would be allocated for promotion of startups and entrepreneurs particularly in the technology sector. The government is also creating a mechanism known as Self Employment and Talent Utilisation (SETU), a techno-financial, incubation and facilitation programme, to support all aspects of startup business and other self employment activities particularly in the technology driven areas.

In another move to encourage startups, SEBI has proposed easing of listing norms for technology startups in the stock exchanges. SEBI has also relaxed rules on the level of disclosure firms need to have on how funds will be used. Other incentives include easing norms on profitability track record, definition of promoter, objective of the issue and lock-in period for promoters<sup>4</sup>.

Still there is a long way to go. Not only the government, but also the educational institutes with their business incubation centres, chambers of commerce supported by the financial community consisting of banks, stock exchanges etc., have significant roles to play in creating an environment conducive to entrepreneurship.

<sup>2</sup> Tiger top startup investor in Jan-Apr. The TOI, May 25, 2015, <http://timesofindia.indiatimes.com/business/india-business/Tiger-top-startup-investor-in-Jan-Apr/article-show/47410416.cms>

<sup>3</sup> Angels are mainly mentors who guide them to creating value; Angels are individuals with such calibre that their names evoke trust in minds of customer or future investors. They back the startup by associating their name, which enables entrepreneurs get required creditworthiness in market.

<sup>4</sup> Under the existing regulations, the promoters are required to offer a minimum 20% of post-issue capital as lock-in for a period of three years. But, many startups have lower holding by founding-members (often less than 20%) and a large holding of institutional investors. In the new proposal, the lock-in of the entire post-issue capital should be for a period of six months uniformly for all shareholders.

# “Float Like a Butterfly and Sting Like a Bee”

**Tarun Mullick**

**Founder & MD, Clubb International**

In conversation with the Editorial Team of *IMI Konnect*

**IMI Konnect:** How did the whole idea of a startup in the small scale sector come up? How has the journey been so far?

**TM:** From a very early age, I aspired to be a table tennis player. Eventually, I became the Bengal table tennis champion with a National Rank. Playing at national level brought me fame and I started getting offers for government jobs. However those jobs did not attract me and I thought of doing something on my own.

My entrepreneurial venture began in 1977 as I purchased a PVC high frequency welding machine and started manufacturing rain wears initially. During 1977-1982 the production of such miniscule items yielded a turnover ranging between ₹8000 to maximum ₹20000 a year. Gradually I started getting orders to manufacture sports bags and items for big brands like Power, North Star, Adidas and Duckback etc. Realizing this model was not going to sustain for long, finally in 1991, I launched my own brand “Clubb” and started providing the items directly to the dealers. Gradually the proprietorship grew into partnership and finally to a private limited company with brand outlets in Kolkata. Outside Kolkata we started selling our products through dealers and online portals.

**IMI Konnect:** What are the challenges faced by small entrepreneurs in recent times?

**TM:** The dealer network does not match up to globalization. Chinese products have flooded the markets with substantial markups. The dealers have found those to be more lucrative than the local brands. At times it becomes difficult for a small scale sector to compete with MNCs and Chinese products.

**IMI Konnect:** Why do small entrepreneurs fail?

**TM:** If the entrepreneur is clear about what he is going to do and how, there is no risk; if it is the opposite, then obviously there is a lot of risk involved. An entrepreneur needs to understand this. Entrepreneurs fail mostly

because they cannot assess the situation properly.

**IMI Konnect:** Do you feel that an entirely different mindset is required in order to be a startup entrepreneur?

**TM:** Contrary to the conventional belief, I feel that one has to grab an idea or opportunity as it comes in the way at any point of time in life without waiting for completion of degree or education. But obviously it requires a different set of talent and passion to excel in this field.



As for me, I was not that educated, got job offers which did not attract me and I wanted to do something on my own. But now I can boast of the fact that on the virtue of managing everything on my own from day one I am in a position to workout a solution to most of the issues related to small entrepreneurship in India. In small entrepreneurship we gain knowledge every day and change ourselves accordingly to compete and sustain in the contemporary world. This principle is applied to all, regardless of the kind of business or profession they are in.

Being a part of the Small Scale Industries (SSIs) we cannot afford to spend huge amount on advertisement. I believe that word of mouth is the best publicity. As customers get the right products and are also satisfied with all the services extended towards them it creates a long term association and helps in popularizing the brand..... We gain knowledge every day and change ourselves accordingly to compete and sustain in the contemporary world.

**IMI Konnect:** What is the USP for “Clubb”?

**TM:** Technically, we have the ability to combine nylon, leather, PVC to create jute diversified products. This is a unique value addition done by Clubb. At the nascent stage our chain folders and shopping bags helped us popularizing the brand. I believe that proper sourcing is a prerequisite for offering best quality and price.

Being a part of the Small Scale Industries (SSIs) we cannot afford to spend huge amount on advertisement, but the after-sales service extended by us can be termed as our USP currently because this focuses on customer relationship management and customer retention. Also, innovative practices with the introduction of reusable packaging adds value for our customers. I believe that word of

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# Empowerment Can Happen with Trust on the Leadership

*Sanjay Kumar*

*Chief Commercial Officer, IndiGo*

In conversation with the Editorial Team of *IMI Konnect*

**IMI Konnect:** *It has been almost a decade since IndiGo started its journey in the Indian aviation industry. How has the journey been so far?*

**SK:** IndiGo's growth plans have been consistent since its order of first 100 aircraft and its subsequent launch in 2006. This journey has been fascinating as over the years we have become a large conglomerate in the travel industry. Besides focusing on 6E's three core principles - On time performance, Providing consistently low fares, and a Courteous and hassle-free travel experience, the airline continued to tap the huge passenger traffic the Indian market had to offer, while meeting the growing travel demand.

India is one of the least penetrated aircraft markets in the world with only one commercial plane for every three million Indians. Even countries like Indonesia and Philippines have three or four times the aircraft density of India. This leads to a mismatch of supply and demand leading to high fares which are often beyond the reach of the common man. As the air travel becomes more prevalent, IndiGo will continue to expand its network to meet the requirements of both business and leisure travelers wherever they demand it - both in India and abroad.

**IMI Konnect:** *It is no secret that IndiGo's financial performance has been consistent even during the toughest phases. How did the company manage to sustain this?*

**SK:** We offer an economy product, and we aim to be better than the best amongst low-cost carriers (LCCs). Our endeavour is to provide the best-in-class experience to all our customers. Managing cost invariably becomes the key focus, and will always be. Some of the focus areas include: better resource (including ground handling) and asset utilization. The sole objective of the airline is to keep the internal costs low and run an efficient airline that would allow us to remain profitable and yet provide low fares consistently.

**IMI Konnect:** *What makes IndiGo stand out from the crowd?*

**SK:** From day one, our biggest obsession has been to prove that "Low Cost" does not imply "Low Quality". We have defined our

business boundaries by articulating what we stand for and who we serve. IndiGo stands for "on time", "courteous service/hassle free", and "low fare", these qualities define everything we do. These three principals are a guideline for everything we do at all levels. We do not have a vision or mission statement. But On Time and Hassle Free are more an internal brand for us than an external brand. Its not just On Time flights but on time meetings, on time salaries, on time hiring, on time promotions, on time increments, on time

bonuses etc. Similarly hassle free is our effort to make it a hassle free place to work at. For five years in a row, we have been named as one of the Top 50 companies to work for in India and the best in the transportation industry.

We have a phenomenal learning and development team at our learning academy called 'ifly'. The dedicated Leadership related coaching vertical at ifly along with the folks at HR, are the people who work the magic. Our focus on creating the world beating bench-mark(s) in the aviation fraternity, from flying experience on-board, to maintaining the reliable product (with the best Technical Dispatch Reliability statistic at 99.91%), single aircraft fleet including the order of eco-friendly A320neo aircraft, and employee

development through robust training programmes, are some of the factors that have given IndiGo an edge over the others.

**IMI Konnect:** *What are the strategies that have significantly contributed to the IndiGo success?*

**SK:** The strategy is simple - our focus is on simple things - flying the planes on time; keeping the whole experience from booking the ticket to collecting the bags, courteous and hassle free; and finally sticking to our religion of offering low fares. And market share is something we don't chase. Airline's strong load factors is nothing but a reflection of satisfied and delighted customers who come back and fly on us and indeed, encourage others to try IndiGo. We are constantly trying to be that reliable and consistent airline that customers have come to love. We may not get it right 100% of the time, but every day, all of us are putting in our best effort to get there.

IndiGo stands for "on time", "courteous service/hassle free", and "low fare", these qualities define everything we do. The IndiGo leadership defines empowerment as giving every single person in the company the 'power to make a change', without having to go through a complex process of approval and audits to take a simple decision.

**IMI Konnect:** *Do you think, that the no frills airline focus actually clicked with the customers as the primary competitive advantage?*

**SK:** The key growth driver for the Indian aviation including budget airlines has been and will be in future – the need for high quality low fare travel. The economy and aviation industry both have a symbiotic relationship, so if India has to grow by 8-10% then the aviation market has to grow at just double that rate. Also, reaching out to people who have not had the opportunity to fly so far, which is a huge section of the population, has complemented IndiGo's entry and growth in the market.

**IMI Konnect:** *IndiGo has already forayed into international aviation. Will you be focusing more on that compared to the domestic segment?*

**SK:** We started on September 1, 2011. It is still somewhat early days because we continue to be focused on the domestic market, where 95% of our capacity is directed... We see massive demand for air travel in India, a country of over a billion with less than 500 commercial planes, now perhaps less than 400 – which means, one commercial airplane for three million Indians! Interestingly, when we started the airline around eight-and-a-half years ago, it was one commercial airplane for every 2.8 million Indians. The statistics are worse now... because passenger traffic has grown but capacity has not.

**IMI Konnect:** *India having a vision of becoming the third largest aviation market by 2020 with a huge untapped potential in this sector, what are the major expansion plans for the company in the next five years?*

**SK:** IndiGo's growth plans have been consistent since its inception. Our growth is aimed at providing seamless travel to our customers at affordable fares. In the process of our expansion, we will continue to develop connectivity both in terms of breadth and depth of service across the country.

**IMI Konnect:** *Is customer loyalty an important determinant for your success? What are your plans around gaining and retaining the customers?*

**SK:** Indeed customer loyalty is an important determinant for airline's success. IndiGo has maintained consistency in load factors - which is nothing but a reflection of satisfied and delighted customers who come back and fly on us and indeed, encourage others to fly on IndiGo. We are constantly trying to be that reliable and consistent airline that customers have come to love.

**IMI Konnect:** *What message would you like to convey for the future managers?*

**SK:** For us, everyday leadership is about empowerment, that is the only way to ensure that even if people do not come to our office every day, they are clear of what they are expected to do and they are trusted everyday every time. The IndiGo leadership defines empowerment as giving every single person in the company the 'power to make a change', without having to go through a complex process of approval and audits to take a simple decision. Empowerment can only happen if there is trust. Eventually, all IndiGo employees come to work every day because they trust the leadership that as an organisation they will take the right decisions and hence the company will grow and they will grow along with the company, similarly the leadership also trust them.

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mouth is the best publicity. As customers get the right products and are also satisfied with all the services extended towards them it creates a long term association and helps in popularizing the brand.

**IMI Konnect:** *What is your advice for the future entrepreneurs in small scale industry?*

**TM:** In order to achieve success any entrepreneur needs the following – clear idea about the product and proper contacts. I feel that if there

are good contacts it would not be difficult to get finance. My message for them would also be – learn the trade nicely and assess the reality accordingly. One has to keep on enhancing his or her skills every day. In depth knowledge about the trade is essential to grow and sustain. I strongly recommend and believe in the philosophy “float like a butterfly and sting like a bee”. An entrepreneur should possess strong willpower and the business practices need to be logically correct, commercially viable and aesthetically placed. Innovation is also a prerequisite for sustainability.

## Bridging the Gap

**Subhra Bishnu**

**Director, OrangeTree Global**

OrangeTree Global was born in 2009. Our's has been a quiet story with humble beginnings. What started off with only a small 3 room office and a handful of employees in Kolkata is today a well-known brand across India having regional offices and infrastructure across Kolkata, Mumbai and Pune.

I had spent most of my time post my MBA in organizations where Data and Analytics played pivotal roles in influencing managerial decision making. However, we were constantly made aware of the lack of talent in this area. In spite of having a large number of professionals interested in pursuing Analytics, individuals faced a lack of guidance and understanding as to how they could pursue their goals. More often than not they would have to move to the South due to the lack of adequate training and infrastructure in the East and also Western India.

I was heading the channel development vertical for HDFC Life for Eastern India at the time and it was my wife, Priyadarshini who started OrangeTree Global. I quit my job at HDFC Life only to join her a few months later. Starting a venture requires grit, determination and having your feet firmly planted on the ground. Priyadarshini had all of it and more. Had she not decided to take the plunge this article would surely not have seen the light of day. We both had very clear roles. Priyadarshini was to handle Finance and Operations while I took it upon myself to handle Sales and Marketing.

We were first generation entrepreneurs. We didn't have "business in our blood". We didn't have any mammoth financial backing. We invested our life savings in an idea; a belief backed by months of research, market surveys, interviewing countless professionals and google nights on end. One can go and attend fancy courses on Entrepreneurship but at the end of the day its either you have it or you don't. Today there is talk of the Big Data Analytics, Development of an Analytics City in Kolkata, however when we started very few people were aware of "Business Analytics" and "Business Intelligence". The hurdles were many. We had a product which few had heard of. Before establishing a need we needed to establish awareness about the product and awareness about the brand. The basic

premise behind OrangeTree Global was to bridge the skill gap between the professionals and the evergrowing Analytics Industry.

I remember our first month. There was literally no going back. Corporate life can make you complacent about your true potentials. You never know what you are truly capable of until you are pushed to your emotional and physical boundaries. That's just what starting your own venture does to you. All of a sudden you see yourself completing tasks you never thought you would have been capable of. It takes years to establish good will, brand equity and a reputation which your peers and clients will respect.



Starting a venture requires grit, determination and having your feet firmly planted on the ground.

We are today associated with some of the biggest brands in India by virtue of our training and consulting. Some recent noteworthy tie-ups this year have been with Reliance General Insurance, IIT Kharagpur where OrangeTree Global has been taking workshops in R Analytics and the Computer Society of India, a governmental organization spread across 67 offices in India has partnered with us to deliver Big Data Analytics Training across the length and breadth of the country. We have officially tied up with educational institutes across India such as Symbiosis, St. Xavier's, Mumbai, Calcutta University, Jadavpur University, Pune University and Mumbai University to deliver Career Awareness Sessions for students absolutely free of cost. This initiative falls under our broader program titled NAAS or National Analytics Awareness Seminars.

Early 2015, OrangeTree sat down with its core leadership to charter a 3 year growth strategy in Big Data Analytics. This strategy covers new technologies, new markets and new people. The landscape of Analytics Training and Consulting has changed dramatically over the last five years. The number of organizations offering solutions in the area of Analytics has increased tenfold. However it takes time to build the reputation and credibility. In retrospect our patience and timing have clearly paid off. We wanted to change the lives of people. We wanted to help professionals bring back some focus to their careers. We wanted to align these

professionals with the growing demand for Analytics.

80% of the Analytics Industry consists of copycat smaller players. Big Data Analytics requires a huge investment in Intellectual Capital. We spend a large portion of our budget in developing course content and modules which are relevant to both professionals who are looking at moving into analytics and corporate clients who are looking at post training implementation. Investing in full time employees is crucial. We specifically look at hiring professionals who have completed the post graduations in Economics, Statistics or Engineering. Unfortunately in spite of having registered content we find that most of the work we have spent time and money in, is used by smaller players without any acknowledgement. While we believe knowledge is meant to be shared, the underlying motive of revenue generation through indigenously developed content is a challenge faced by us and a few other larger organizations.

We have been getting offers in the last 2 to 3 years for VC funding. However there's never a free lunch. Most of the initial offers tended to undervalue us or too many riders were attached to them. We were not ready. In retrospect the decision to reinvest our profits paid off. "We are worth 15 to 20 times more today than what was offered to us

3 years ago".

Having a sustainable revenue model and scalable business plan are crucial to the growth of all startups. With 3 regional centres and 4 more in the pipeline OrangTree Global is clearly a national analytics force to reckon with. The challenge like most organizations is to ensure similar high quality of training delivery across all centres. Standardization of our product portfolio and course content is paramount. At the end of the day the most rewarding experience has been when professionals come back to us with beaming smiles thanking us for having changed their lives.

If I would have to give one piece of advice to budding entrepreneurs it would be: Make sure you have a product that will genuinely help society and the people around you. You ought to be convinced of the benefits of that product before you intend to sell it. If you won't buy it no one else will! Entrepreneurship is about following a passion and a dream, however, ensure you are practical about your movement. The data isn't encouraging. Studies show that more than 98% startups fail within the first 3 years. Ensure that you or one of your partners has technical expertise over the subject matter. Finally ensure you are invested in your idea and dream emotionally and physically.



## ANNOUNCEMENT

### Call for Articles for *IMI Konnect*

*IMI Konnect* is an open access Scholarly Management Magazine published every month from International Management Institute Kolkata, with ISSN No. 2321-9378. It started its journey in December, 2012. It publishes original research articles by scholars in the field of management and firsthand perspectives from business thinkers and practitioners on contemporary issues. *IMI Konnect* provides an intellectual platform for the national and international scholars and the industry experts to discuss and debate their opinions and thus contribute to the knowledge of management. The publication caters to academicians and practitioners in academic institutes, corporate and government organizations.

#### Themes

The issues are themed on Marketing, Finance, Organisational Behaviour & Human Resources (OB & HR), Information Technology & Operations (IT & Operations), Strategy, Economics, Management Education apart from special themes in two special issues every year. For past issues of *IMI Konnect*, visit <http://www.imi-k.edu.in/index.php/imi-konnect/>.

We are inviting original articles from academicians as well as

practitioners for *IMI Konnect* on any of the aforementioned areas. Students pursuing Masters, M. Phil or Ph.D. are also encouraged to send articles on the aforementioned areas. The articles will go through a review process before publication.

#### Instructions for Authors

The article should be non-technical and should be of around 700 - 800 words (very short) or around 1500 - 1600 words (short). It should be typed in MS Word in Times New Roman 12 with paragraph spacing 1.5. Figures and simple, small Tables can be incorporated. There should not be any notations or equations. Full forms of each abbreviation should be mentioned at first instance. Upto eight references can be included in the article. Limited number of short footnotes may also be included if necessary.

Send your manuscript along with your name, designation, institutional affiliation, email ID and contact number to the editorial office at [imikonnct@imi-k.edu.in](mailto:imikonnct@imi-k.edu.in) mentioning the area viz. Marketing, Finance, OB & HR, Economics, Strategy, IT & Operations, Management Education and Others.