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Ethos Behind Rendering GenNext Leaders

Three statements, with deep ramifications for Indian family businesses in recent years, merit attention:

1. India has the third highest number of family businesses in the world, with a larger proportion of them in a relatively mature (3rd generation) stage.
2. India sits on a veritable gold mine - that of demographics, with a median population age of 27-35 years.
3. Only 15 per cent of Indian family businesses have a robust, documented and communicated succession plan.

These three statements point to an inexorable truth that Indian family businesses will let the biggest opportunities pass them by if they fail to create next-gen leaders, tapping the demographic dividend within family businesses.

GEN-NEXT LEADERSHIP: THE CAPABILITY-ENVIRONMENT MATRIX

With 60 per cent of the family businesses in the third generation, they would need to crack the challenge of nurturing the next generation leaders. The task itself can be viewed in a continuum alongside two scales: one, the capability and the fit of the next generation and two, the presence of a supportive environment.

Capability and fit: The next-gen's capabilities have to do with their knowledge and skills regarding strategic orientation, customer impact, insights, ability to lead teams and influence change. The 'fit', meanwhile, concerns cultural fit with the company's values and vision. Does the next-gen possess the respect, integrity and the value systems associated with the family business?

Supportive environment: The new generation can develop the necessary leadership qualities comprising of technical skills, IQ, besides the emotional and social intelligence in the presence of a positive family climate, which provides a supportive environment.

The capability-fit/supportive environment classification can be represented by a grid - the CE matrix. We are likely to

find the highest proportion of unsuccessful next-gen leaders in the lower left-hand quadrant marked as 'U', where the next-gen is characterized by low capability and fit and lack of a supportive environment.

The upper quadrant on the right-hand side, marked 'HS' shows the highest proportion of successful next-gen leaders.

The upper left-hand quadrant marked S, is where the supportive environment provided by the senior generations, together with the nurture and engagement, is likely to create a generation of successful next-gen leaders despite the absence of high capability among the next-gen leadership.

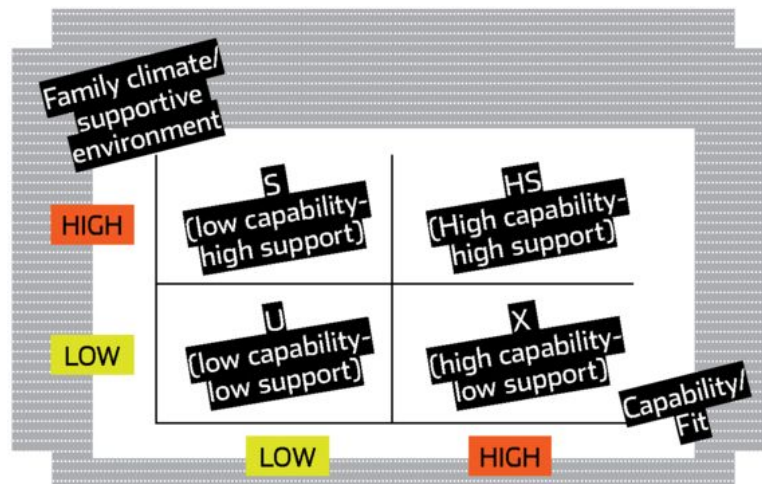
Finally, the lower right-hand quadrant, marked X, shows that high capability next-gen family members, in the absence of a supportive environment may either prefer to leave the family business altogether and engage in start-ups or join a corporate.

Having lost his father at a very young age, a young leader from a family business enterprise in polymers was inducted by his four uncles. A perfect example of family harmony. He recalls, "At 21, I was assigned the job of sales of a new product, a strategic role at the time. While I was hesitant, my uncle advised me: "Go ahead and learn the job. I am there to shield you if there is a loss, but if you succeed and learn, the family human capital gets significantly expanded."

Then, there is the case of another family business scion, with an authoritarian father. The father did not wish to pass on the mantle to the young son, for fear of being rendered redundant. At the same time, he was not willing to let the son move into a new line of business altogether. This led to the son eventually moving out of the business.

The senior generation in most family businesses worries about a next-gen who will carry on the legacy. There is, however, little concern to put into place a robust succession plan. The writing on the wall for family businesses is clear: Provide the right supportive environment and develop the right capabilities in the next-gen to tap the rich demographic dividend within family businesses. Or else, we may have to contend with a lost generation. ☹

INDIAN FAMILY BUSINESSES WILL LET BIGGEST OPPORTUNITIES PASS THEM BY, IF THEY FAIL TO CREATE NEXT-GEN LEADERS.



5 Rules to Make it Big



BIKRAM DASGUPTA, Founder, Globsyn Group and Author, I Did it My Way

I saw the Indian IT industry grow since its infancy. I left a secure job to join HCL, then refused stability at HCL to start PCL, growing with every winning and losing bet. As each one should chart their own way to success – here are the five things that I did my way.

1. DON'T LIMIT YOUR LEARNINGS TO CLASSROOMS

Applications of the knowledge gained inside the classrooms can only be learnt outside them. My first lessons on entrepreneurship came from Chhedi and Sadhu, during my IIT days. Chhedi had a small tea shop outside the campus and Sadhu ran a make-shift stall tucked away under the staircase of RP Hall. They taught me – customers come first and a bond with your customers is paramount. It is not only people, but also situations, as banal as they might be, give you learnings for a lifetime. The roots of my strong performance orientation lay in my involvement with the Spring Fest and the hall competitions at IIT. In the midst of winning and heart-wrenching losses, I picked up invaluable lessons on project management; delivering when it mattered the most, the value in rolling up one's sleeves and doing the smallest of tasks with perfection.

2. THINK BIG AND DO BIG

What if, you perform a high jump without the pole? You might never come to know whether you have jumped 5ft or 10ft, but you should always try to jump as high as possible. Same rules should be applied when you are setting goals for yourself. When I bagged the \$50 million Dell contract for PCL, it was by far the largest hardware export contract that any Indian company could manage to acquire in the 1990s. It shook the industry from its deeply entrenched belief that Indian companies were incapable of manufacturing electronics that stood up to the quality demands of the western world.

3. BE PASSIONATE ABOUT WHATEVER YOU DO

Your passion should be so contagious that even the people you are talking

YOUR PASSION SHOULD BE SO CONTAGIOUS THAT EVEN THE PEOPLE YOU ARE TALKING TO, ABOUT YOUR WILDEST ASPIRATIONS, START BELIEVING IN THEM WITH THE SAME CONVICTION.

to, about your wildest aspirations, start believing in them with the same conviction. After I stepped down from PCL, the Managing Director of Webel Nandan Bhattacharya asked me to setup a software company in a 10,000 sqft floor of a building. I looked into his eyes and immediately responded, "This is too small for me. I would like to have the whole building." Eventually, I was able to convince the state government's top officials on how this building would change the face of IT in Bengal. Thus, Infinity – the first IT Park – was born.

4. ALWAYS LOOK FOR OPPORTUNITIES TO BRIDGE GAPS IN THE SOCIETY

An entrepreneur should be able to identify the existing gap. Life can go on with it. But, it would be so much better if it could be bridged. By the 90s, India started ferrying its best talents to the US and the UK and there was a spurt of institutes that trained graduates in IT, including programming techniques. I clung to my view that mass training unsupported by appropriate pedagogical interventions diluted the essence of creating truly 'industry ready' professionals and setup India's first and perhaps the only software finishing school.

5. NEVER STOP TAKING RISKS

As clichéd as it might sound, I always tell youngsters, 'entrepreneurs thrive on risks to reap the rewards'. When the 2000s bubble burst had happened, computer professionals had suddenly found themselves on the streets. I had to let some of my most brilliant people go. It was then that I thought about adding a floor to our campus to create more classrooms, even though the existing ones were sitting empty. It was a maddening thought. In September 2002, I launched India's first corporate business school. Since then, the dark clouds over our heads were showing signs of abating. Your journey as an entrepreneur will face tornados after the initial twilight phase. You should believe in yourself and your team to ride it, to come out stronger and more successful. ☺

