

Economic Times

Scripting a succession story

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Families gradually include women in business plans

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NEW DELHI

THE times they are a-changin' for the mega business families of India. Or are they really? For long, these families ignored the business acumen of the fairer sex — but time now, perhaps, for a rethink on succession planning which typically excluded the women. Meher Pudumjee (Thermax), Vinita Gupta (Lupin Pharmaceuticals), Mallika Srinivasan (Tractors and Farm Equipment, better known as TAFE), Divya Ramachandran (Helios & Matheson India), Schauna Chauhan (Parle AGRO), Sushma Berlia (Apeejay Stya Group & Swran Group) and Sminu Jindal (Jindal SAW) are some examples of women in significant roles in India's family-run businesses today — and they probably symbolise the winds of change.

It could well be that business families are realising that the business is bigger than the individual who is running it and so the rush to change their succession strategy. Sushma Berlia, president of Apeejay

Stya Group & Swran Group, however, is not willing to accede that succession planning is going the whole hog and being totally inclusive of women.

"Succession planning in big business families in India still excludes women to a large extent even today. Things are slowly changing partly because the business families have become much smaller with fewer children who are not necessarily all boys," she says. And who would know better than Ms Berlia who took over the reins of the family business in 1989 as a young mother with three young children when there was a reallocation of responsibilities within the larger family. "My father (Dr Stya Paul) had already stepped aside from an active role in business and the divisions which came to him were in a bad shape. As an only child, I had to take on the responsibility. My husband, who is usually very supportive, did not want me to take on the mantle because the businesses were in a financial mess," says Ms Berlia.

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Women in business more by accident

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“MY husband felt I would not be able to deal with it. My mother-in-law, however, believed that I could turn the business around which I did, and we became debt-free very soon. Today we have expanded and diversified in a big way,” adds Ms Berlia who also feels that the Supreme Court ruling that gives women equal inheritance rights in the family money is the other reason why some of the business families are today more open to including their daughters in the family businesses.

Rajshree Pathy, chairman and MD of the Coimbatore-based Rajshree group of companies, also feels that Indian business families are still very conservative. “Women getting involved in a family business is not exactly by design. It’s more a case of default. But with more and more women proving that they are better than their male counterparts, it has meant that an individual will have to demonstrate his/her worthiness to lead in future,” she says.

Ms Pathy took over the mantle of the group after her father, G Varadhaj died in 1990. After taking over, Ms Pathy expanded the textile group into food and agriculture, financial services, cotton yarn, energy, real estate, automotive and travel.

Despite the voices from the family front, not really conceding that succession planning is friendlier to women, many experts, feel that the leader today — whether son or daughter — has to prove his or her

mettle and merit. According to K Ramachandran, associate dean, academic programmes at Indian School of Business (ISB), the onus lies on the family leader to recognise that humans are mortal and institutions are immortal. “The critical criterion for succession has to be trusteeship value. As a trustee of the family wealth, the successor should just think about passing it over to the next generation, further enriched,” feels Ramachandran.

While cultural and sociological traditions have dictated the role of women in a big way, in Indian business families, women are increasingly challenging the stereotype and there are a number of instances where they have actually led the succession of a family business and have performed remarkably well as entrepreneurs. Take Sminu Jindal, MD of Jindal SAW, a position she has been in since 1998 when she was 19-year old. She, however, feels that women are being given leadership roles in family-run businesses in India often because of dire circumstances and not really out of choice even today. “It’s not always that you find both a son and a daughter in equally important positions in family-run businesses in India,” says Ms Jindal whose own innings at the helm has not been a cakewalk.

To begin with her father — P R Jindal, vice chairman of Jindal SAW — gave the responsibility of a sick unit, Swastik Foils. “I did turn it around in one year which impressed my father very much,” she recalls. She personally believes that even today, there are

mindsets to be broken and women have to work much harder in a difficult situation than a man in a similar situation.

So how far away are gender neutral business families in India? Parimal Merchant, chairperson, Centre For Family Managed Business, SP Jain Institute of Management & Research, feels that the answer lies in induction planning. “When a son is young, he is given due exposure to business. But a daughter is always kept away. This needs to change,” he asserts.

Shanto Ghosh, director and principal economist, Deloitte, Haskins & Sells, too, agrees. According to him, an ideal succession plan is one where the management deliberates and appoints a successor to the current entrepreneurs in the event of their demise or retirement. “This choice should be based on competence and remain completely gender neutral,” he says.

So today, while things may not be as bad as when some other business families came forward to show their displeasure at Ms Berlia — a woman who was not part of the family — taking over the family business, it’s not really a gender neutral business world either. As Satya Bansal, chief executive, Barclays Wealth, points out “nominating a woman as successor is seen more as a family and personal issue, rather than a business one.” Sushma Berlia, of course, is looking forward to welcoming both her daughter and daughter-in-law in the business fold.

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