

Short Sharp Shock

WHEN THE GOING... FROM PG 1

The Tatas persuaded the Malaysian bankers to give the JV a one-year reprieve and asked the Malaysian government to allow for an Indian managing director. Permission received, Maira arrived in Malaysia, fired by the idea he had to save the reputation of not only of the Tatas, but of India. Though the Board had advised him to get a new management team, he decided to retain everyone, including his Chinese head of sales, Malaysian head of finance and the five Indian expats who were in operations and servicing. "I had to convert a crisis of condition to a crisis of aspiration. These people all had great reputations in their fields when they were recruited. I just had to rekindle the passion, creativity and commitment," he says.

Maira eventually did turn the company around and he remembers the greatest accolade he received was from the Japanese head of Toyota in Malaysia, who invited called him to tea towards the end of the assignment in Malaysia: "He said he was especially impressed that I had done it with only five other Indians whereas he had 30 Japanese expats with him. He actually said 'That means one Indian equals five Japanese'. It was a moment of great pride."

Stockbroker Motilal Oswal, chairman and managing director of Motilal Oswal Financial Services doesn't need to go back very far in time to find his greatest crisis. It happened in January 2008, when the market crashed and his clients demanded they be allowed to take fresh positions without squaring up outstanding positions. "We specifically trained our team on how to deal with such calls. They explained to our clients and business associates the dangers and problems they could face in such volatility. We allowed fresh positions only on cash and carry system. One thing I learnt from that crisis is, don't fail to pressures of sales people as well as customers as both have very short-term outlook," says Oswal.

Changes in government policy are capable of triggering major corporate crises and many CEOs will empathise with Tapan Singhel, managing director of Bajaj Allianz General Insurance, when he recalls the government's decision to allow free pricing in general insurance in 2007 as his biggest crisis. Singhel, who was then head of sales & marketing, says: "A price war was triggered and there was a 40% fall in premium rates. We had to follow or lose market share. But then, margins shrank and there came a point where we decided to take a stand. I felt claims settlements might get compromised if we went further down this path."

Bajaj Allianz first began to raise prices in automobile insurance, which constitutes half the general insurance business. At the same time, it began offering better service while trying to reduce costs, no mean feat. The company did lose market share but then, prices began to stabilise. "My learning from this is that it pays to stick to your values and deliver on promises made," says Singhel.

A crisis, by its very nature, has a flash point, a short sharp shock which drains the blood from the face. For Ganesh Nayak, COO and executive director at Cadila Healthcare, the crisis hit in 1995, when the company he had worked in for 17 years was split into two. The Patels and Modis, the company's promoting families, decided to go their own separate ways and as senior vice president for marketing, Nayak was given the responsibility of dividing up the product portfolio and sales team in an amicable manner.

"We had no external consultants, it was all done internally," he recalls. "And once the division was done, we had to figure out how to survive and grow, given that we had lost the economies of scale. I was operating with half the number of sales representatives with half the products."

To Nayak's credit, Cadila Healthcare has grown spectacularly and is now a listed company, with a turnover in excess of \$1 billion and ranked fifth in the pharma sweepstakes. The other company, Cadila Pharmaceuticals, is still privately held and figures nowhere in the top 20. How did he do it? "When you're in



Arun Maira



Santrupt Misra



Ganesh Nayak



Motilal Oswal



Sanjiv Kaul



Faisal Farooqui



Tapan Singhel

a crisis, you're motivated by a spirit of survival," says Nayak. "We worked really hard those days, starting the day with meetings at 6 am. You need to have the right people and you have to lead by example, otherwise a crisis can destroy you."

Indeed, when a family run enterprise is in crisis, it is often the professionals who bear the brunt and many modern day CEOs narrate the horrors they went through earlier in their careers, which helped shape the way they function today. Sajiv Kaul, managing director of ChrysCapital recalls the last two of his 20 years at Ranbaxy as a period of continuous crisis. "The promoter family was asserting itself, DS Brar, the managing director, was on his way out and Ranbaxy was a terrible place to work. The value system and the performance system were all going down hill and there was little one could do to stop it," he says.

Kaul was corporate vice president and a member of the management committee when he finally quit Ranbaxy in 2004, along with Brar. He then had the option of joining Novartis, which needed someone with emerging market expertise, or getting into something new, such as private equity. Ashish Dhawan was a friend from a Harvard Business School programme he had attended many years ago, but when the promoter of ChrysCapital offered him a partnership, Kaul was hesitant at first. "It was a major dilemma," he says. "Novartis looked like a secure job and it involved moving to Barcelona, which my family liked. But ChrysCapital was a pioneer in private equity, much like Ranbaxy was in pharma, and I was drawn to it. I decided to follow my heart."

Lastly, for a change of pace, here's an exciting example from the dotcom business. Faisal Farooqui, CEO of mouthshut.com, says his great crisis was when an extortionist launched an attack on his website in 2006. "We were doing very well then, with a community of 11 lakh users, when this person started posting comments and creating fights using anonymous email IDs. Then he called us and asked for money."

Farooqui called for help from the cyber-crime police and the extortionist was finally tracked down in Hyderabad. It turned out he had a grudge against the website because it had once banned him. "I should have acted sooner," says Farooqui. "I didn't realise the seriousness of the damage he was doing and let it go on for a month before I went to the police. The lesson I learnt is that you have to pay close attention to what's happening on your site. The internet is sentiment-driven and it takes a few seconds for people to change loyalties."