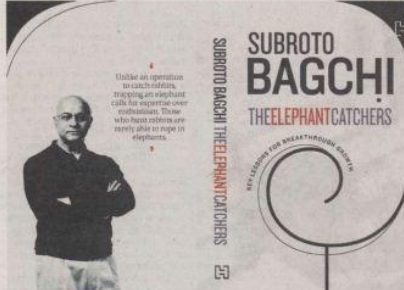


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How to catch the elephant... & ride it

Scaling up is not just an imperative for emerging companies, it is also a need for India, says Subroto Bagchi, whose new book, 'The Elephant Catchers', looks at this business problem.



VINAY KAMATH

Subroto Bagchi believes scaling up size is important for organisations. Many organisations have a great start and later falter when they have to jump to the next stage. Bagchi, Chairman of Mindtree, and celebrated author, says it isn't just about multidimensional scale but organisations have to learn to scale up on various fronts — from reputation, people and intellect. In his fifth book, *The Elephant Catchers*, published by Hachette India, Bagchi explores these concepts with simple analogies drawn from his own growth as an entrepreneur. Embellished with anecdotes and stories, the book makes for an easy read. In Chennai for the launch of the book and a talk to an audience of CII members, Bagchi spoke to *Business Line* on how he caught an elephant... and stayed on it.

Does your book reflect your Mindtree journey and is that where you've drawn your anecdotes and analogies from?

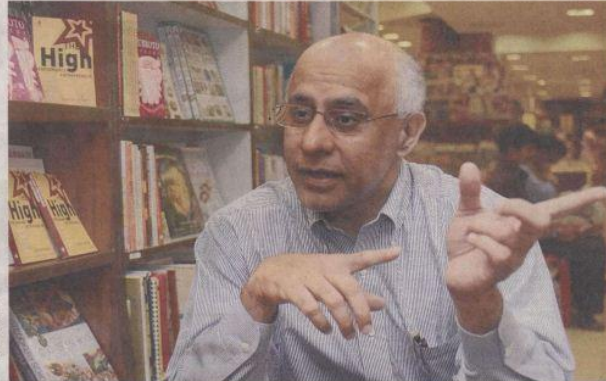
Fundamentally, I am an entrepreneur and I need a base from where to start. So, Mindtree became a case for me, but this book is not rooted in that experience. I

am not saying that Mindtree has done a good job and what's working for us should work for others. Once we went public in 2007, the conversation in the company changed and that was about scaling up.

So, when I began this book, I started looking for evidence and anecdotes, and I started looking at for-profit and non-profit organisations to understand why some people scale and some don't. And when I stepped back, I realised that it's not a Mindtree requirement alone but the larger issue is India needs scale. We are a G20 country and by 2020 we will be a G8 country and this means that businesses must scale up; professionals, Governments, educational institutions must scale.

Why is scale important?

Look at the TVS group, it's a 100-year-old organisation. In the past many years, many other companies got created, but you don't hear about them. Why do you hear about TVS and not about the others that have disappeared; they would have come to a certain level but not scaled. From a 100-year perspective, companies that scale or don't scale... it's seldom because of business reasons. The ferment has never been absent. In all these years



so much has happened from the Independence movement onward. However, I realised that people look at scale unidimensionally, which is that scale is equal to volume growth. There is more to scale than that — it's a magical figure to attain. When I looked at examples all around, I felt that we needed a framework and six different paths to attain it and that is how the book came about.

Would you say Mindtree has achieved scale today?

Certain scale yes, but we walk in the shadow of giants, I tell my people that in many ways we have miles to go. It should not be seen that Mindtree is the exemplar here in my book; I've been open with mistakes in Mindtree.

When I say good things about people in the book, I identify them, and when it's others' mistake, I keep it anonymous. One is not presenting Mindtree as the perfect example. We had a near-death

► We are a G20 country and by 2020 we will be a G8 country and this means that businesses must scale up; professionals, Governments, educational institutions must scale. — SUBROTO BAGCHI, CHAIRMAN, MINDTREE

(PHOTO: R. RAVINDRAN)

experience once, which I have mentioned in the book as well.

What would you say are the most important takeaways for entrepreneurs from your book?

The most important thing is to understand that you cannot bumble into scale. If you have been the beneficiary of scaling up accidentally, it will catch up with you sooner or later. For example, if exporters think they are entitled to it (benefits from the 20 per cent depreciation of the rupee) they will be in trouble sooner

or later. To be sustainable, one of the important things to understand is that unplanned growth is a malignancy, like cancer.

The question is how do you plan? I am saying that there are six things you need to do for planned growth. One is, first and foremost you must like the idea of scale. If you look at growth as your friend, then it opens up amazing avenues, it becomes beneficial. The second interesting thing, and I give the example of the Siddaganga Mutt, if you see growth as an ally and the

beneficiary is far removed from you, it will become viable, then your purpose will determine your power. However, I don't say everything must scale, there are things that must remain small and small must remain beautiful. There are huge opportunities that only scale can handle. If you want to solve the malaria and literacy problems you require commitment of a Government, it cannot be an NGO, it needs scale. Some things can only be managed by scale.

Another relevant thing for most entrepreneurs is that when the time to scale comes sometimes you have to get different customers for different businesses and different models. The customer who made you a \$5 billion enterprise, his job is not to take you up from \$5 billion to \$20 billion. You must not put all your energy in serving an existing set of customers to the exclusion of finding new customers. At different inflection points you have to look for new customers.

Or, if you want to enter a new domain, and you have no expertise, you have to trust emotional factors. You have to scale intellect (to scale businesses), as it's a mind game. The fourth aspect is that you've got to scale reputation, reputation is currency, not just feel-good CSR. It's hard tangible cash.

Then there is the issue of scaling your people. This is problematic because founder entrepreneurs seldom hire people better than themselves, they hire down, not up. They actually believe they have to be the best performing guy in the organisation. You have to own the business and not be the best at work and not compete with your people.

Lastly, organisations that are scaling over a long period of time must have the capacity to deal with adversity. Your business competition will not kill you but will make you better. However, the environment will (kill you). Think of something like 9/11 or the American economic crisis in 2008. I am saying here's a framework in my book, not that it is the final one on the subject of scale, but if you understand there is a framework then you can have a different view on how to scale.

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