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Business Standard

Microland is a Small Giant in the Business Standard article titled : ‘Greatness’ need not mean fame and size

Size, popularity and turnovers never got in our way as we've always been here to deliver the extraordinary - as indicated by our track record across the decades. It's this philosophy that persists to date.

In this article, R Gopalakrishnan dives deep into the power of 'Small Giants' in industries, and how they define value.

'Greatness' need not mean fame & size

BUSINESS & PURPOSE

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Since the industrial revolution, size, and more recently, market capitalisation, has become markers of corporate greatness. Is that really valid? Are there no "great" companies that are not giants by size, but maybe giants by reputation and contribution to society?

Small Giants (Penguin, 2016), a book by journalist Bo Burlingham, is worth a read. The book is a chronicle of "small giants" which, quietly under the radar, have rejected the pressure of endless growth to focus on more satisfying business goals. Consider as examples Conzerv India (sold to French electrical major Schneider), Galaxy Surfactants (now a listed company), Microland (a private global technology infrastructure services company, approaching its 35th anniversary and four times recognised by Gartner Magic Quadrant) — none of them is famous or perfect, but their business conduct appears exemplary! Maybe they qualify as Indian "small giants".

Indian economic development depends crucially on small enterprises and family-managed businesses. They have one distinguishing feature: Family-managed businesses see reputation as their principal asset and currency. Every family may not manage this aspect perfectly, but many do. That is to be cheered. Families manage businesses for legacy. For them the valuation is an outcome.

An example of this is Beit Binzagr in Saudi Arabia, a company that I knew quite well. It was the business partner of Unilever in Saudi Arabia. I developed quite a close working relationship with the four Binzagr brothers when I headed Unilever Arabia 30 years ago. Beit Binzagr is a good example of sound *neeyat*. Even the nomenclature of their institution as Beit (House) — like the "House of Tata", rather than Group — suggests the existence and perpetuation of congruent values.

The Binzagr family originally hailed from Yemen's Hadramauth area (means plateau). The Hadramauthi tribe is well reputed for sound trading practices, a bit like the Tamil Chettiars or Kutchi Bhatias of India. Beit Binzagr began with one of the ancestors settling in Jeddah around the mid-1800s. It has been active and flourishing for close to a century and a half. Its longevity suggests that the firm may have been founded in a broth of good principles. According to research by Family Business Centre (*family-businesscenter.com*), the average life of a family-owned business is estimated to be only 24 years, so 150 years is indeed long.

During the 1800s, Jeddah was an important part of the Ottoman Empire. During the 150 years of Beit Binzagr, Saudi Arabia went from being one of the poorest regions of the world to being among the richest, as well as transforming to an independent kingdom from being part of a mighty Ottoman empire.

Beit Binzagr enjoyed long-standing relations with several international companies: For example, Hershey's, Carlsberg, and Heinz, apart from Unilever. Just as it happens within a community, if relationships among the members are managed effectively, then the institution prospers. From experience, it is well known that it is hard work to align cultural and business priorities. Equally, leaders must invest time in managing differences. As a family-managed business, Beit Binzagr laid great store by managing differences as well as enhancing commonalities.

This internal glue of Beit Binzagr must have been a key element of the institution's *neeyat*. As management experts would say, no one is smarter than all of us put together. This admirable trait taught me many lessons on handling differences and achieving goal alignment. Their stated values are (i) integrity (grounded by values), (ii) collaboration (partnerships of mutual respect), (iii) empowerment (consult and take ownership of decisions), (iv) agility (adapt to change), and (v) performance (continuous learning and development). The firm serves thousands of customers each day, month after month, achieving revenues of hundreds of millions of dollars.

Neeyat is not a new management jargon to replace vision and mission. Examples of small giants are evidence that *neeyat* is relevant for all enterprises.

The House of Tata was founded by Jamsetji Tata in 1868, when India was a British colony, and has prospered through colonialism, partition, independence, socialism, liberalisation, to the present times. Its *neeyat* has remained substantially unchanged, though the *neeyat* has been modernised periodically in expression. To remain constant to a single purpose for so long and to be still perceived as faithfu to the original values, thougl beset occasionally with frailtie and controversies, is an achieve ment that is instructive an inspiring for all entrepreneurs.

India is right to celebrate b firms, but must also celebrate i valuable small giants.

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