

Entrepreneur's Week
National Entrepreneurship Network
Closing Ceremony on 8th February 2008

Address by Mr. Rakesh Shah, Chairman, EEPC

It is, indeed, a privilege for me to address this distinguished gathering of the future members of India's entrepreneurial community. I am sure that the "bug of entrepreneurship" is already in your veins and you must be ready to serve this nation.

I must thank the organizers and particularly, Ms. Sujata Singh & Mr. Abhijan Ganguly for inviting me to speak before you at this closing ceremony and share some thoughts on this occasion.

While there is no official definition of entrepreneurship, following the work done at Harvard Business School, "Entrepreneurship" can be defined as the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled".

Popular writings on **entrepreneurship** have generally tended to romanticize individual founders and CEOs when firms are successful, and vilifying them when such firms fail. A lot of effort is spent on predicting who will succeed as an entrepreneur and who will fail. The emphasis in all such analysis is to look at the "personality" factor, along with other individual characteristics like demographic and cultural background, to predict who will become an entrepreneur, and which entrepreneurs will succeed.

In fact, academic research has, from time to time, come out with different facets of personality that could determine the "entrepreneur" in a person. A great deal of research on the personality characteristics and socio-cultural backgrounds of successful entrepreneurs was conducted in the 1980s and 1990s. An analysis of more than 50 studies found a consensus around six general characteristics of entrepreneurs:

- (1) commitment and determination;
- (2) leadership;
- (3) opportunity obsession;
- (4) tolerance of risk, ambiguity and uncertainty;
- (5) creativity, self-reliance and ability to adapt; and
- (6) motivation to excel.

At the same time, the US business press devoted much attention to the backgrounds and personalities of successful entrepreneurs like Bill Gates and Steve Jobs. The crux of this proposition was that successful entrepreneurs are a breed apart.

Friends, remarkable men and women have set great examples in many fields and history is replete with such instances.

Ladies & Gentlemen, Entrepreneurs belong to that rare species who see possibilities where people see problems!

A true entrepreneur is a creator. She or He is a creator of demand that apparently never existed earlier.

JUICEWALA AT VICTORIA- Created Demand

Entrepreneurship is not only to create success but is also required to handle failures. As they say “nobody can go back and change a bad beginning, but an entrepreneur can make successful ending!”

I am sure you have heard of these personalities.

- Bill Gates (Microsoft)
- Sir Richard Branson (Virgin Airlines)
- Michael Dell (Dell Computers)
- Dhirubhai Ambani (Reliance)
- Sabeer Bhatia (Hotmail)
- Narayan Murthy (Infosys)
- Baba Kalyani (Bharat Forge)

Each started with an idea whose success today we all talk about. They have created products which you and I cannot do without.

Friends, The world is full of opportunities waiting to be explored by an entrepreneur and go down in the pages of history.

Let me share with you some examples of how ordinary Indians made it big through sheer entrepreneurial zeal.

NIRMA

First is about a chemist who worked for Gujarat Minerals Development Corporation and drew a salary of Rs.400 per month. He decided to make an inexpensive detergent that was effective. By word of mouth, his detergent got more and more customers that even the mighty Hindustan Level felt threatened. He sold over 800,000 tons of detergent products at one time with a 35% market share. Can you guess the name of the person? Perhaps, it will be easier for you

to name the detergent—yes, the name of the detergent is “NIRMA” and the name of the person is Karsanbhai Patel.

GRAMIN BANK

A Professor of Economics found that his theory had nothing to do with the real world. The poor did not get bank credit since they did not have any assets that could be mortgaged for loans. So he came up with a simple solution: he formed a bank himself where the poor women were the main depositors as well as customers. Today, the Bangladesh Grameen Bank is recognized globally for its contribution to micro-credit. The Professor Mohd.Yunus was given the Nobel Prize last year

LIJJAT PAPAD

Have you heard of Lijjat Papad? The Lijjat Papad story is most inspiring. 7 illiterate and poor women borrowed Rs 80 to start a papad business and took its turnover from Rs 6,196 in the first year to Rs 300 crore in the next four decades, involving 40,000 women. Jaywantiben Popat, one of the women involved in this project, is a model for all of us.

I have always believed that entrepreneurship is in our blood.

DABBAWALAS

Or how does one describe the over 100 year old story of the Dabbawalas of Mumbai, who without fail deliver thousands of dabbas or tiffins to people from their respective homes and later return the empty dabbas to where they came from. In 1998, Forbes Magazine conducted a quality assurance study on the dabbawalas gave them a Six Sigma efficiency rating of 99.99.

This means that the Dabbawalas made one error in six million transactions putting them at par with multinationals like Motorola and GE. I am told that the international courier company DHL has carried out a study on the dabbawalas to find out that how they manage such efficient delivery which DHL with all its bar coding find it difficult to achieve.

JUGGAD

Let me share with you an example of entrepreneurship at its best in rural India. The present Commerce & Industry Minister Mr. Kamal Nath writes in his book ‘India’s Century’

Quote:

I encountered an invention that Henry Ford would have taken off his hat too. It was reused chassis of a Bullock cart, powered by the Engine end of a motorcycle. It had a chain connecting the sprocket of the motorcycle to the axle, which in turn provided the rear drive to this unique “people mover”

Unquote:

In his book he terms this as JUGAAD, an hindi word which has no dictionary meaning.

Friends, Necessity, as the old cliché goes, is the mother of invention and makes scarcity the father of innovation. This makes every Indian the master of JUGAAD- ability to find quick solutions to fix problems. JUGAAD is nothing but entrepreneurial skill.

On a lighter note collision politics is an example of JUGAAD to be in power.

The above examples that I have recounted indicates that it is possible to become entrepreneurs in the face of extreme adversity.

Qualities of an entrepreneur

DREAM BIG & HAVE SELF CONFIDENCE

You will find in most entrepreneurs, small, medium or big that they are dreamers. They are not easily disheartened nor do they give up easily. They Dream Big, are committed, have self belief and above all the capability to handle any adverse situation.

An Entrepreneur will never surrender his dreams to reality. He must believe in himself

Ready to FACE ADVERSITY & struggle through problem without being discouraged.

Let me give you an example from my own learning process and what learnt from my own father, Shri G.D. Shah. On the midnight of December 31, 1994, our office in Dalhousie was gutted by fire. Not only was this day the New Year's Eve, but it was also a Saturday. We rushed to our office and saw in front of our eyes the rubble that remained of our office. We came home at 4'O Clock in the morning of 1st January 1995.

As we entered our home, my father said that we should meet in three hours time to take stock of the situation and discuss the future course of action. As committed soldiers, we met sharp at 7.00 in the morning.

My father commanded that he wanted our office should begin operations by the very next day, the Monday, 2nd of January. So here we were, on a Sunday morning being commanded to have the office up and running by the next day.

We cleared one floor of our residence and converted it into our marketing office. At 4.00 in the evening of that Sunday, we were able to rent a place near Cookie Jar. This became our back office operation centre. And at 11.00 am on Monday, January 2, 1995 our office was back in operation, as my father had desired.

But my father would not be satisfied so easily. He told us that the morale of the staff would be down. In those days, jobs were not so easy to find and our staff would be wondering about their future after such a major fire. My father then hit upon a brilliant idea to restore confidence. Normally, in our office we pay salaries on the 4th of every month. My father said that the staff salary should go out on that very day. This worked wonders, since the staff realized that a company which could pay their salaries the next working day after a major fire could not go down so easily.

I must also share with you what my father told us about this ill fated incident later. He said and I quote:

“I am sad with what has happened, but perhaps the future beckons in form of this bad incident. This is an opportunity to build a bigger office. In 1955, I came alone to Calcutta, today I have 500 people with me”

Today I believe that Determination is the Key to Success.

Always remember every bad situation has something positive, even a stopped clock shows correct time twice a day. Think of this & continue to lead life.

MAKE BEST USE OF RESOURCES

Today human resource is most scarce and a true entrepreneur will always make best use of the available talent and compliment the shortcomings of his people.

Ladies and Gentlemen, if you were to look at the composition of India's GDP, you will find a striking dis-balance that needs serious consideration and for which the remedy lies in creating more entrepreneurs who have the mission to build bricks and mortars for the country. More than 50 percent of India's GDP is account for by the Services sector, while 25 per cent belongs to the industrial sector and the rest to the agricultural sector. If you look at India's manufacturing sector, its net output amounted to USD 115 billion in 2005 compared to USD 750 billion in China and USD 1500 billion in the USA.

Why does India lag so far behind? In an era of license permit raj that India followed for full four decades, entrepreneurship was discouraged. For instance, in survey carried out by FICCI in 2006, it was found that a maximum of 91 inspectors could visit an industrial establishment with 20 of them under 5 regulatory areas having the power of sending the owner behind bars. Moreover, the multiplicity of procedures and compliance measures add to transactions costs and time thwarting efficiency.

Further, doing business in India remains a challenging proposition. The World Development Indicators, 2004 states that while it takes 88 days for a business to start in India, in China the time taken is 44 days.

None of the above is to dissuade you from becoming an entrepreneur. The point I am making is that as you embark towards entrepreneurship, you must be aware of the constraints that you are likely to face. For it is within these constraints that Indian manufacturing has been posting 9 per cent growth in the last three years.

In case you are dissuaded with these statistics, believe me you are not an entrepreneur since an entrepreneur finds an opportunity in every difficulty he faces.

To paraphrase the well known writer and management consultant Gurcharan Das that in this great adventure of modern civilization, while each nation is trying to adapt democracy and capitalism to find the right mix of market competition, political pluralism, participation and welfare, the role entrepreneurs is critical in harmonizing the future progress of mankind.

My dear friends,

Let me conclude by saying something that you must have heard before. But as an Entrepreneur and as someone who has passed through what you will be passing through soon, let me say it once again.

Success CAN BE ACHIEVED through hard work, integrity, responsiveness to change - and most of all boldness to dream and that too boldness to dream BIG.

I also hope that many of you in this audience will become entrepreneurs by choice.

Choose to be an entrepreneur because then YOU create value.

Choose to be an entrepreneur because the products, services, and jobs you create then become the lifeblood of our nation.

But most of all, choose to be an entrepreneur because then you desire a life of adventure, endless challenge, and the opportunity to be at your CREATIVE BEST.

Thank you