

Vinay Kothari

# Building Business in India

Vinay Kothari (MBA '92) came to IESE looking for the knowledge and experience that would help him turn his aspiration to run a global company into a reality. Today, he has launched major ventures with two fellow IESE graduates, while helping IESE's alumni community in India blossom.

**I**n the 5th century, it was mathematicians in India who came up with the idea of zero, making a major impact on science and commerce around the world. Today, India and its rapidly expanding economy are poised to make another impact on the business world – despite the economic downturn, says Vinay Kothari.

“India is one of the countries least affected by the crisis, mainly because of its prudent fiscal policies,” says Kothari. “The growth rate is projected to increase from the current 6 percent to approximately 8 to 9 percent by the end of 2010.”

To boost economic momentum, India's government has announced major stimulus packages and investments in sectors such as real estate and infrastructure, including power generation, highways, airports and industrial parks, he said. Kothari is well-positioned to analyze his country's economic future. He sits on the boards of directors of three companies – KBK Group, Savera and Imago Screens. He also serves as a non-executive director on the board of Force Motors Ltd.

When he speaks of his home country, he does so with notable esteem. And no wonder – with fast-growing IT and automobile sectors, and one of the largest pools of engineers in the world – India already boasts the 12th largest economy in the world. The story was different, however, when Kothari was lured to IESE to do his MBA in the early 90s. At that time, the country was just undergoing reforms that liberalized markets, setting the stage for the economic prowess India has developed today.



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#### FIRM ROOTS

● Originally from the north Indian State of Rajasthan, Kothari's parents moved to Mumbai in the late 1950s. His father started a real estate development business there, which later fuelled Kothari's drive to one day lead a company himself. "My family has always earned their daily bread 'doing business.' Having been surrounded by such an environment since early childhood, it was only natural that I would choose to go in to business and dream of having a global business," he says.

Kothari carried out his entire schooling in Mumbai, and began his journey toward becoming an entrepreneur by earning a bachelor's degree in accounting and economics at Mumbai University. It soon struck him, however, that he needed more preparation if he was going to reach his goal, ideally in an international environment. "I realized that in order to succeed in global business, I needed to update myself with modern management theories and concepts, strengthen interpersonal and quantitative abilities and gain international exposure. So I decided to pursue an MBA and enrolled in the program at IESE," he said.

He was drawn to the IESE program for numerous reasons, among them the outstanding faculty, the large international student community, the use of the case method, the bilingual English-Spanish dimension and the fact that the program is top-ranked. While some students from India choose U.S. MBA programs, others opt

for European programs because of their global character and closer proximity.

Kothari liked IESE's highly global approach, 2-year format and pan-European links. He was also enticed by the distinctive cultural experience that IESE offered, as compared to other business schools. "I had always wanted to learn about a new culture, so I was a little different," reflects Kothari. He was already married at the time of the program, so his wife was able to experience Barcelona as well, he notes. And, in fact, Kothari's first child was born while he was in the MBA program. He was particularly influenced by classes led by professors Pedro Nueno on entrepreneurship and Pablo Fernández on finance, he said. Following the MBA, the desire to pursue his goals and lead a global firm in his home country led him back to India.

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#### SOLID PARTNERSHIPS

● Kothari says the choice of IESE has paid off in many ways, particularly in terms of the business partnerships he has built with fellow IESE alumni. At the same time that his IESE MBA has helped him professionalize his family's real estate firm, Kothari's involvement with the school's Alumni Association has led to joint ventures with two Spanish companies which are global in their respective markets.

The first is with Savera India Private Limited, a leading company manufacturing steel guide rails used in the

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elevator industry. The second venture is with Imago group, a global firm that manufactures variable message signs used in intelligent transport systems and visual communications. Both companies are led by IESE MBAs: Savera's managing director is Ramón Azpiroz (MBA '97), and Imago is headed by Tony Batllo (MBA '94).

"Vinay has been extremely cooperative from the beginning," says Batllo, "and has brought to the joint venture contacts, people selection, local knowledge and more than useful help in moving local government and large corporations. After one year of cooperation, we feel very satisfied that we're present in almost all relevant tenders, the key players know us and we have surpassed our initial sales budget." Azpiroz stressed that Savera always relies on local partners when developing manufacturing activity abroad. In this sense, working with Kothari, a fellow IESE alumnus, has been "a safe and quick way to know somebody to become our local partner in India."

Moreover, "we have been able to develop an excellent personal relationship with all that means - friendship, the opportunity to know a completely new culture and country," Azpiroz said. Both Batllo and Azpiroz stressed the benefits of IESE's alumni network. Batllo notes that he has turned to the network on various occasions for information, advice or recruitment purposes. The success of these two joint ventures, as well the expansion of his family's business - KBK Group - have been key highlights in his professional career so far, Kothari says. "We are continuously looking for more opportunities to partner with foreign companies who would like to set up operations in India."

**BUSINESS IN INDIA**

● Although the global panorama remains uncertain, Kothari says that India offers excellent opportunities for multinational companies looking to expand beyond national boundaries. Yet he put forward several caveats for firms with their sights on the country.

"India is a value-conscious and a price-sensitive market. In order to succeed, companies must bring their best and latest products and must also produce locally and competitively," he says.

"The scale of operation should be global," he says, "in order to achieve economies of scale the strategy should be to produce for both local consumption and exports. Companies must also take advantage of the low-cost engineering skills available to set up research and development centers

to reduce the product development costs." Kothari stressed that the current economic downturn has changed the way the world does business. "One has to be cautious considering the large under-utilized capacities available around the world in sectors such as steel and automotive." As a long-time member of the board of Force Motors Limited, a company publicly listed on the Indian stock exchange, Kothari has extensive experience in the automotive industry.

This expertise has led to his participation in one of IESE's longest-running events, the Automotive Industry Meeting, organized at the school's Barcelona campus by IESE Prof. Pedro Nueno. Kothari has taken part in three editions of the meeting as a speaker, an experience he described as "incredible."

"You meet top people in the industry - it's an important event," he said.

**STRENGTHENING IESE'S ALUMNI BASE**

● Kothari's contributions to IESE, however, have not been limited to Barcelona. He currently serves as president of the Regional Alumni Chapter in India, which was formed just two years ago. Though relatively small now, the group is growing quickly.

"We have a total of 38 alumni in the chapter currently, of which 32 are of Indian nationality," he said. "Close to 60 percent are members of the Alumni Association and we have a small but steadily growing community of enthusiastic alumni, eager to contribute to the development of the IESE brand in India and stimulate activity among alumni."

The group has organized a session in Mumbai with guest speaker Mr. Pawan Agarwal, CEO of Nutan Tiffin Box Suppliers Charity Trust, who shared the principles and work philosophy of his company.

"With this event, we leveraged the presence of the Inside India Short Focused Program, which took place at the same time in Mumbai, offering the possibility for alumni in India, IESE professors and program participants to reunite at the event," he said.

IESE's Dean Jordi Canals also met last year with alumni in New Delhi, to share his thoughts on the financial crisis and corporate governance with alumni in the area.

Given his active involvement with the Alumni Association and his partnerships with other IESE alumni, it is no surprise that Kothari rates the school's alumni network as one of the most important aspects of the program.

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