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INSIGHT BY CHANAKYA – CORPORATE PRAGMATISM  
(A MANAGEMENT PERSPECTIVE)

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ABSTRACT

Chanakya (or Kautilya as he is also called) is perhaps our first and foremost “Management Guru”. The interpretation of Chanakya’s thoughts and insight is a small but pragmatic effort on my part to align with today's corporate world. To analyze and interpret how enterprises, professional managers and smart people apply Chanakya’s techniques in their respective organizations. Corporate affairs, inspirational business leaders, motivational anecdotes, business analysis and insight have been amalgamated with Chanakya’s philosophy for:

- Once you start working on something, don’t be afraid of failure and don’t abandon it.
- A man is great by deeds, not by birth.
- Before you start some work ask yourself three basic questions – Why am I doing it? What the results might be? Will I be successful?
- There is some self-interest behind every friendship.
- The world’s biggest power is the youth and beauty of a woman.
- Education is the best friend, an educated person is respected everywhere.
- As soon as fear approaches near, attack and destroy it.
- Books are as useful to a stupid person as a mirror is useful to a blind person.
- Even if a snake is not poisonous, it should pretend to be venomous.
- Learn from the mistakes of others.

A humble homage to a great management expert and an outstanding forward thinker. His out-of-box ideology is revered.

“ONCE YOU START WORKING ON SOMETHING, DON’T BE AFRAID OF FAILURE AND DON’T ABANDON IT"

Chase your Dreams - Ratan Tata dreamt of a people’s car. He was forced to abandon his ambitious project from Singur, W.B. due to political and other constraints. However, Tata did not lose hope. Instead he fervently pursued his vision and negotiated with Gujarat Government for land and project allotment. Subsequently he shifted the Nano project to Sanand, near Ahmedabad suffering enormous financial loss and repute. Ratan Tata’s patience and perseverance paid off when Tata Motors started production of Nano in record time.
However, Nano was not well received in the market due to certain factors including mechanical problems. His company took a decision to recall hundreds of units to solve technical snags. Tata Motors have now reworked their marketing and distribution strategies for 2013 and looking forward to hard-earned success.

Who hasn’t heard of Mr. Bean? Bean is a hugely popular British television series starring Rowan Atkinson as the title character. Based on a character originally developed by Atkinson while he was still studying for his master's degree at Oxford University the series follows the exploits of Mr. Bean described by Atkinson as "A child in a grown man's body", in solving various problems presented by everyday tasks and often causing disruption in the process. Bean rarely speaks, and the largely physical humor of the series is derived from his interactions with other people and his unusual solutions to situations. The show has been sold in 245 territories worldwide, and has inspired an animated cartoon spin-off and several feature films. However, the program and the concept went through whole lot of initial hiccups as it was hard for anyone to believe Mr. Bean to be so childish and such a selfish buffoon who rarely speaks, and when he does, it is generally only a few mumbled words which are in a comically low-pitched voice would achieve such dizzying success. But Atkinson had faith and he persisted with the format. He chased his dreams and was not afraid of failure.

Go For Your Dreams Is The Mantra!

"A MAN IS GREAT BY DEEDS, NOT BY BIRTH"

Fortune magazine has listed Infosys' Co-founder Narayana Murthy among the 12 "Greatest entrepreneurs of our time" along with Apple's late chief Steve Jobs, Microsoft founder Bill Gates and Face book CEO Mark Zuckerberg.

Narayana Murthy of Infosys fame is a prime example of this Chanakya school of thought. Borrowing Rs. 10,000 from his wife Sudha, he helped create a business empire with his partner’s from scratch, making Infosys one of world’s most admired organizations. He and six other engineers co-founded Infosys in 1981. In 1993, the company came up with its IPO. In 1995, Infosys set up development centers across cities in India and in 1996; it set up its first office in Europe in Milton Keynes, UK. In 1999, Infosys became the first Indian company to be listed on NASDAQ. Infosys was ranked No. 1 in the "Best Employers in India 2002" survey conducted by Hewitt and in the Business World's survey of "India's Most
Respected Company” conducted in the same year. Infosys has a market capitalization of over 12 billion US $.

Murthy served as CEO from 1981 to 2002. From 2002 to 2011, he served as the Chairman. In 2011, he stepped down from the board and became Chairman Emeritus. He has received many honors and awards. In June 2000, Asia week magazine featured him in a list of Asia’s 50 Most Powerful People. In 2001, Narayana Murthy was named by TIME/CNN as one of the 25 most influential global executives. He was the first recipient of the Indo-French Forum Medal (2003) and was voted the World Entrepreneur of the Year - 2003 by Ernst and Young. The Economist ranked Narayana Murthy eighth on the list of the 15 most admired global leaders (2005) and Narayana Murthy also topped the Economic Times Corporate Dossier list of India’s most powerful CEOs for two consecutive years - 2004 and 2005.

A recent example is the nomination of Cyrus P Mistry as Chairman of TATA Sons who will take over from Ratan Tata from December 2012. Mistry’s name was considered not much by influence of his pedigree but by virtue of his corporate experience, acumen and of course stake too. He has been appointed deputy chairman and Chairman - designate of Tata Group and its holding company Tata Sons, which will make him the first Non-Indian national to head the Indian conglomerate. Mistry will be the sixth chairman of the group and the second not named Tata after Sir Nowroji Saklatvala.

In global context also eminent entrepreneurs like Bill Gates, Steve Jobs and Mark Zuckerberg created business empires on the basis of their innovation, marketing skills, out-of-box thinking and applicable practices. Realizing this significant thought as conceived by Chanakya, many business conglomerates are hiring professional managers as head of unit’s instead of nominating their offspring’s who may not be as competent and efficient.

"BEFORE YOU START SOME WORK ASK YOURSELF THREE BASIC QUESTIONS – WHY AM I DOING IT? WHAT THE RESULTS MIGHT BE? WILL I BE SUCCESSFUL”?

Chanakya laid great emphasis on in-depth research and analysis during planning stage. Most of the business organizations fail to take off due to poor planning and subsequent poor execution and inept implementation.

The launch of Paris Hilton brand of lifestyle products in September 2011 in Mumbai is a case in study. Tremendous media hype and enormous free publicity did create a buzz but did not help in a sensational financial debut and the brand is sputtering out without garnering a credible market presence. Brand Concepts, which has the exclusive rights to socialite and
hotel heiress Paris Hilton’s luxury handbags and accessories in the country plans to open eight exclusive Paris Hilton stores this year and expect revenues of Rs. 80 crore in the first four years. However, there are no reports of progress and interest in the brand is waning. Reason: Did they ask and try to answer these three basic questions?

Kingfisher Airlines which was launched amid much fanfare is in red, presumably they also did not seek solutions to these three fundamental questions. Kingfisher Airlines owned by the flamboyant business tycoon and liquor magnate Vijay Mallya – was country’s one of the largest airline and now probably the smallest – is banking for survival on an expected government decision to allow foreign airlines to buy stakes in domestic carriers. Kingfisher, which has never made a profit since it was created in 2005, is in urgent need of as much as US$ 600 million to stay in business. It has shut down its overseas operations and slashed domestic flights, desperately needs the cash infusion to pay the millions of dollars it owes to suppliers, lenders and other creditors.

The failure of automobile giants like General Motors and Ford Motors who entered Indian car market with high price, heavy sedans is attributed to these three questions or rather not answering these questions. The success of Hyundai from South Korea is point worth mentioning. Starting from small car Santro, which was priced aggressively and gave excellent fuel efficiency, Hyundai today is one of the largest car manufacturers in India and has a significant presence in all segments especially hatchbacks.

"THERE IS SOME SELF – INTEREST BEHIND EVERY FRIENDSHIP"

Business Collaborations should be mutually beneficial - Hero (India) and Honda (Japan) who had a strategic tie-up since 1984 created India’s biggest and world’s one of the largest two-wheeler manufacturing company. In 2010-11 they parted ways amicably after Hero picked up the stake of Honda after creating a model of collaborative business. Today, Hero MotoCorp Ltd is Numero Uno in two wheelers in India and the company has a stated aim of achieving revenues of $10 billion and volumes of 10 million two-wheelers by 2016-17. Currently three plants are producing more than 3 million bikes per year. Hero MotoCorp has a large sales and service network with over 3,000 dealerships and service points across India. They hope to achieve 10 per cent of their revenues from international markets and to cope with the new demand over the coming half decade; the company is going to build their fourth factory in South India and their fifth factory in Western India.

Meanwhile Honda Motorcycle and Scooter India have also garnered substantial market share improving sales performance.
In areas as varied as automobiles, advertising, research and development, textiles, IT, pharmaceutical, telecom, insurance sports and even education we have collaborations which suit both or more partners.

We even see county tie-up’s like granting of Most Favored Nation (MFN) status or signing of trade treaties which is of interest to both the nations.

"THE WORLD’S BIGGEST POWER IS THE YOUTH AND BEAUTY OF A WOMAN"

Feeling the Pulse of the Market - If we watch modern and conventional media releases, we find that a substantially large number of advertisements target women (both in traditional and modern form). Whether it is Airtel – Har friend zaroori hota hai, Nirma – young women dragging a mud jammed vehicle or pretty girls in Axe Deodorant, the effect is burgeoning of sales. Today our country is known as an emerging economy on the back of a large youth population and contribution of women in agriculture, household, profession, society and business.

The newest trend observed in the world of Indian advertising is how it is aligning itself to draw the attention of the youth and women towards the brands. Blackberry- one of the leading mobile companies has lately been trying to change its public image from being a phone for use by office-goers to a phone for everyone’s use and for fun too! The tag-line clearly states- “Not just for the office boys”.

Cadbury advertisement which replaced superstar Amitabh Bachchan shows a young boy and girl over a chocolate. Instead of targeting the general audience, Cadbury has now shifted gaze and is keenly concentrating on the young.

Can we conceive an advertisement without the role of a woman? Whether it’s a car, toothpaste, deodorant, mobile phone, washing powder or a television, no marketing promotion is complete without targeting women. It’s because more and more women are becoming financially independent and are also involved in purchase decisions of a family, sometimes becoming the deciding factor. They also add to the glamour quotient.

"EDUCATION IS THE BEST FRIEND. AN EDUCATED PERSON IS RESPECTED EVERYWHERE"

Research shows success ratio in entrepreneurship for a professionally qualified person is substantially more than formal education. In this global age of information technology and communication, simply keeping abreast of state-of-the-art is not enough. Gone are the slow
and steady days of tortoise versus hare race. Cloud computing, next-gen processors, virtual reality, android software for mobiles are the new in-thing.

World’s biggest and most dominant mobile manufacturer - Nokia, Finland lost out to Samsung, South Korea and Apple, US in the smart - phone category because it could not keep ahead of new-age technological breakthroughs.

A majority of top industrialists, entrepreneurs or head honcho’s of corporate are professionally qualified and invest heavily in new learning, training and management development programs for self and their human resources.

Ambani Brothers, Anand Mahindra, Ratan Tata, N. Murthy, Kiran M. Shaw, K. V. Kamath, Kumar M. Birla, A..M. Naik and CEO’s like Chanda Kochar, Shikha Sharma, Y. C Deveshwar, Naina L. Kidwai have attributed their insight and growth to their strong fundamentals. Today even old guards like Rahul Bajaj, Azim Premji, Adi Godrej and Subroto Roy invest their resources in learning, training and development of their organizations.

“AS SOON AS FEAR APPROACHES NEAR, ATTACK AND DESTROY IT”

Marketing Warfare - Can we gauge who is better between LG and Samsung in consumer electronics? It is difficult, as both of them employ aggressive marketing tactics in product launch, branding, pricing, advertising and promotions. As soon as you see a product launch from one, there is similar exercise by the arch rival. Recently we have seen in the 3D TV launch and fierce battle for supremacy between these two rivals.

If we look at FMCG products, before a competitor enters the market with new product or brand extension, market is flooded by existing marketers so that there is hardly any leeway for the new entrant to grab shelf space and promote their products. We find massive price discounting in the market place before a new product launch. The whole idea is to destroy a new product in the infancy stage.

Business news of January 2012 indicates that two years after US-based Kraft Foods acquired Cadbury Plc globally; sales in its Indian business have grown the fastest ever in last calendar as the firm aggressively ramped up distribution and increased advertising spend on both existing Cadbury brands and new launches from Kraft portfolio. Gist of news: Cadbury India records 40% growth on aggressive marketing drive.

In marketing and strategic management, marketing warfare strategy is a type of marketing strategy that uses military strategy to form a marketing and advertising campaign. Advertising guerrilla techniques are still successful in practical applications of business.
"BOOKS ARE AS USEFUL TO A STUPID PERSON AS A MIRROR IS USEFUL TO A BLIND PERSON"

Business Myopia - Whether it is an enterprise or functions within; Marketing, HR, Finance, Operations etc. short – sightedness and tunnel vision leads to imminent downfall.

Vijay Mallya’s Kingfisher Airlines. Did they anticipate break – at such high level of operational costs and overheads? Add to that his over-confidence that the Government will roll a bailout package to KFA due to his high profile image. Today he is struggling to operate even 1/5th of his fleet and retain his personnel.

US automobile manufacturers like GM and Ford learnt it the hard way when they could not anticipate the demand for small, fuel efficient hatchbacks and eventually Japanese and South Korean competitors grabbed this initiative and market with much glee! This was myopic thinking by these two top car manufacturing companies.

Similarly, Marketing Myopia refers to organizations that "focus on products rather than customers". There are many instances where products are superior but fail in the market as they do not anticipate or gauge the pulse of consumers.

One has to be prudent, not only smart to succeed in enterprise.

"EVEN IF A SNAKE IS NOT POISONOUS, IT SHOULD PRETEND TO BE VENOMOUS"

Aggressive Management - Marketing is a battle of market shares, volumes and customer satisfaction. Cornering market and occupying shelf space has become imperative for high brand visibility and selling surplus inventory. Aggressive marketing strategies during off season lean season and peak season in terms of pricing, promotion and distribution has become imperative to garner volumes. After all it is the ‘survival of the fittest’ in the market place. This scenario is often witnessed in mergers and acquisitions where potential threats of takeover are met with aggression by the current management to thwart chances of the suitor.

We look at the aggressive marketing drive of Audi which is a comparatively recent entrant in India. It has dethroned Mercedes Benz which entered Indian market almost fifteen years ago from number two slot to third in luxury car segment. Volkswagen India has set up aggressive positioning for Vento and Polo to gear up volumes. Even old warhorse Maruti Suzuki introduced a competitively priced MUV (Ertiga) in order to stay relevant in the market and add numbers in this lucrative segment. Meanwhile BMW India is making full use of strong marketing techniques over the next two years as part of brand building measures for its MINI marquee.
Korean consumer electronics major Samsung plans to aggressively push its flat panel TV business in India, a segment which is expected to touch 50 lakh units in the current year.

"LEARN FROM THE MISTAKES OF OTHERS"

Management by Mistakes - The Indian telecom fiasco of 2G spectrum auction is one deterrent. Companies have realized the folly of ‘reaping while the sun shines’ and will be wary of entering in dubious dealings in future. New entrants in this domain as well as existing ones who have faced the music will be learning and assessing position as well as analyzing their mistakes and that of others. This concept is a pro active management exercise of new learning’s and re-learning by analyzing failures and mistakes of competitors as well as of your own business. We include the perspective of ‘re-learning by assessing management’s own past mistakes and unproductive practices’.

Telenor, Norway has threatened to exit Indian operations in mobile telephony even though it has invested close to US $ 3 billion in a company floated by Unitech which is named in the telecom scam and under scanner currently. Telenor’s participation in future auction and joint ventures in India will be very much based out of learning’s of past fiasco.