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Gautambhai's Gambit

The Adani Group is now too big to be a one-man show. How fast can Gautam Adani professionalise?

Dibeyendu Ganguly

Fifteen years ago, on a visit to the Mumbai Port Trust office, Gautam Adani offered its vice chairman Rajeeva Sinha a job. It was an audacious move at a time when it was almost unheard of for civil servants to leave their secure careers to join the private sector. Adani was then best known as the promoter of Adani Enterprises, an Ahmedabad-based import-export firm that had plans to set up a private port. Sinha was a 45-year old officer in the Maharashtra cadre of Indian Administrative Service. He turned down the offer. "Gautambhai came to me with work relating to some consignments and then he suddenly offered me a job in Mundra Port," recalls Sinha. "Why did he ask me? In 1997, he couldn't get anyone to join him. Now he can get hundreds."

Sinha, who finally joined Adani Ports as a director ten years later, is quite right in his analysis of Adani's situation then—but he's mistaken in thinking of it as a spot job offer. It was actually a gambit typical of Gautambhai, one he still remembers very well. "Had done my homework. I had heard Mr Sinha was passionate about ports. He wanted to keep working in the port sector, but he knew the government would transfer him to some other department. That is why made the offer," he says.

Having the right people on your team is a key to success in business. Nobody knows this better than Adani, who dropped out of college in his second year to join his father's film-wrap manufacturing venture because there was no one else to help Adani Sr. at that time. But in trying to find a CEO for Mundra Port at the project stage, he was up against a wall. Nobody, it seemed, wanted to risk joining an un-established company with an uncertain reputation in Ahmedabad. He then turned to a most unlikely candidate for help — Malay Mahadevia, a childhood friend who had recently completed his degree in dentistry from Mumbai University.

When Corporate Dossier had first written about the dentist who spearheading the Adani Port project, it was a quirky page-four story. Now that Mundra is the country's largest private port and the Adani Group itself has grown into a Rs 40,000 crore infrastructure giant employing 12,000 people, the story has the makings of a case study on how a firm acquires internal expertise when it is not available for hire. Urbane, articulate and from a family of doctors, with no history in business, Mahadevia is, in many ways, Adani's alter-ego. He's still perceived to be Adani's trusted right-hand man; though his official designation is director, Adani Ports. How does he view the group's ongoing transition from a one-man-show to a professionally managed organisation?

"It's an inevitable process. As you grow, you have no choice but to make the transition. The beauty is that we are doing it while still retaining our entrepreneurial spirit, which is about doing things fast, taking calculated risks. That percolates down from Gautambhai himself. He reviews the functioning of the businesses every month and makes sure our processes are not becoming bureaucratic," says Mahadevia.

The culture of decentralised risk-taking is in large part due to the Group's origins in trading. Now, with ports and power plants all over the country and coal mines in Indonesia and Australia, the need for delegation has become greater. "Delegation has never been a problem for me," says Adani. "I started delegating operational decisions when we were a trading firm. I am concerned with projects, reviews and networking. Day-to-day operations are in the hands of others."

In 1997, Gautambhai couldn't get anyone to join him. Now he can get hundreds

Rajeeva Sinha
Director, Adani Ports

I'm a genuine fan of Gautambhai. But I am not a yes man. It's not *chamchagiri*.

Vineet Jain
Executive Director, Adani Power

The family owns more than 70% in all the listed companies, so it is natural for them to be involved

Devang Desai,
Group CFO

Sinha, who was managing director Gujarat Pipavav Port (a venture started by entrepreneur Nikhil Gandhi and later sold to Maersk of Denmark) for two years before joining Adani Ports, sees this ability to delegate as one of Adani's strengths. "Entrepreneurs should not get into minutiae. Nikhil Gandhi could not succeed because he could not get good managers and had to get involved in the daily operations. That should be left to professionals, so the entrepreneur can focus on the next big project," he says.

There is a story told of how a commodities trader once caused Adani Enterprises a loss of six crore rupees in a single day, a big amount in the early 1990s. When the man offered to resign, Adani is believed to have sat him down and said, "You have learnt a lot today. Your learning cost me six crore rupees. Now you must stay and earn back that much." Legend has it the employee earned back the six crore in six months and stayed with the company many more years.

Adani Enterprises is now the group holding company, with trading operations restricted to coal and agri-commodities. Coal trading is headed by 39-year old CEO Vinay Prakash, who joined the company in 2001, after an eight-year stint with Birla Copper. He is now based in Gurugram and heads a team of 230 people, buying coal from Africa, South America and Indonesia. It's an operation that gels perfectly with the group's thermal power business. "This was a family business when I joined, now it is a mix of family and professional. Gautambhai gives us his dreams and however big they may be, he wants us to achieve them," says Prakash.



The entrepreneurial spirit, which is about doing things fast and taking calculated risks flows down from Gautambhai

Malay Mahadevia,
Director, Adani Ports



This was a family business when I joined. Now it is a mix of family and professional

Vinay Prakash
CEO, Coal Trading,
Adani Enterprises



The pertinent question is: can the present structure work, given the size and complexity of the organisation and the rate at which it is growing?

Bakul Dholakia
Director, Adani Institute of Infrastructure Management



Adani's CEOs are executives in the true sense of the word—their job is to 'execute' his vision. As for the hybrid family-professional structure he has created, it's as uniquely Indian as the joint family. Younger brother Rajesh is managing director at Adani Power and Adani Enterprises and elder brother Pranav is a managing director at Adani Enterprises, Adani Wilmar (of Fortune edible oil fame) and several unlisted family enterprises. Prakash, for one, calls up Rajesh Adani more often than he does Gautambhai. His take: "Rajeshbhai is softer, less aggressive. It's easier to discuss things with him."

Now the next generation of the family has been inducted into the group, including Gautambhai's Purdue University-educated son Karan, who is designated executive director; Adani Ports, Group CFO Dewang Desai, who has been with the Adanis for 15 years, sees the presence of the next rung of family as an advantage: "The brothers keep things moving smoothly. Our executives consult them on issues that they might not want to take to Gautambhai's level. In any case, the family owns more than 70% in all the listed companies, so it is natural for them to be involved."

Gujarati business houses are perceived to be generous employers, popular with qualified professionals looking to grow their careers. But they are also famous for their acrimonious family feuds, which means careful organisational structuring and succession planning are vital to long-term success. Bakul Dholakia, former director of the Indian Institute of Management Ahmedabad (IIMA), says: "Problems occur when some members of the Adani family develop disproportionate ambitions. In the Adani family,

everyone knows Gautambhai is the person responsible for the group's achievements. I have heard even his elder brothers refer to him as 'boss.' However, the pertinent question is: can the present structure work, given the size and complexity of the organisation and the rate at which it is growing?"

After 33 years with the IIMA, Dholakia resigned four years ago to head the Adani Institute of Infrastructure Management in Ahmedabad and the Gujarat Adani Institute of Medical Sciences in Bhuj. As a management professor who trains middle level managers of the group, he's aware of the challenges involved in getting the right people for top jobs. "The group needs aggressive, ambitious, risk-taking professionals at the helm. Gautambhai has been delegating, but delegation is of no use if the people concerned don't seize the initiative," he says.

At a time when the power business is bleeding and the stockmarket is hammering the group scrips, top level attrition is the last thing Adani needs. Last month the group bid adieu to a star executive, Jignesh Derasari, CEO for mining in Australia. This month saw the departure of Ravi Sharma, CEO and executive director of Adani Power.

Earlier, the group had the luxury of recruiting at middle-to-senior levels and then promoting the individual to the CEO's job after a trial run. Now it is directly recruiting at CEO level, always a big gamble. Two years ago, the group took a chance on Sharma, who earlier headed the Indian operations of Alcatel Lucent and then Videocon Telecommunications, but had no experience in the power business. "It took me a year to recruit Ravi, so his departure is quite unfortunate," says Adani. "But we learn from our mistakes. There is a risk in recruiting from a completely different industry. But I don't think attrition is a major problem."

So what's the profile of a successful Adani group professional? With Sharma's departure, Vineet Jain, the other CEO and executive director of Adani Power, finds his responsibilities considerably enhanced. An engineering graduate from National Institute of Technology Kurukshetra, Jain joined the company in 2006, after a longish stint with the Jindals, including a stint as Officer on Special Duty to OP Jindal when he was Minister for Power in the Government of Haryana. "I first met Gautambhai when he invited me to the Adani Guest House in Delhi," recalls Jain. "We discussed the power industry for four hours, till one o'clock in the night. I didn't know much about the Adani group then, but I was really impressed by Gautambhai's simplicity and his conviction. After one week Gautambhai (Mahadevia) called me with a job offer."

At the age of 39, Jain is a bundle of energy, prone to springing up from his chair at any excuse. On the wall behind his desk, he's created a collage featuring every major Indian industrialist, from Adi Godrej to Anil Ambani. Another wall, one that he can gaze upon, is devoted to a collage featuring only one industrialist — Gautam Adani. "I am a genuine fan of Gautambhai. But I am not a yes man. It's not *chamchagiri*. I disagree and argue with him. He's open and approachable and even when he is not there in person, he answers his email and SMSes very promptly."

Does he have any tips for other would-be Adani CEOs? "You have to be very direct and to-the-point when you communicate with Gautambhai. He's got a very short attention span," says Jain.

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TIMELINE: THE RISE AND RISE OF THE ADANI GROUP

1995	Adani expands into port business—starts construction at Mundra	1998	Top net foreign exchange earner for India	1999	Coal trading commences	2000	Adani Wilmar, a joint venture in edible oil refining, formed	2002	4 million MT of cargo-Mundra becomes largest private port in India	2006	11 million MT of coal—largest coal importer in India	2008	180 million MT of coal reserves—buys Bunyu Mine in Indonesia	2009	Starts 330 MW thermal power generation	2010	2.2 million MT/annum edible oil refining capacity in India	2011	Dahej port in India becomes operational, 7 million MT capacity	2011	10.4 million MT of handling capacity—buys Galilee Basin mine in Australia	2011	60 million MT of handling capacity—buys Abbott Point port in Australia	2011	50 million MT of handling capacity—buys Aditya Birla Group	2011	Commissions India's largest solar power plant of 40 MW	2011	3960 MW—becomes the largest private sector thermal power producer in India
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