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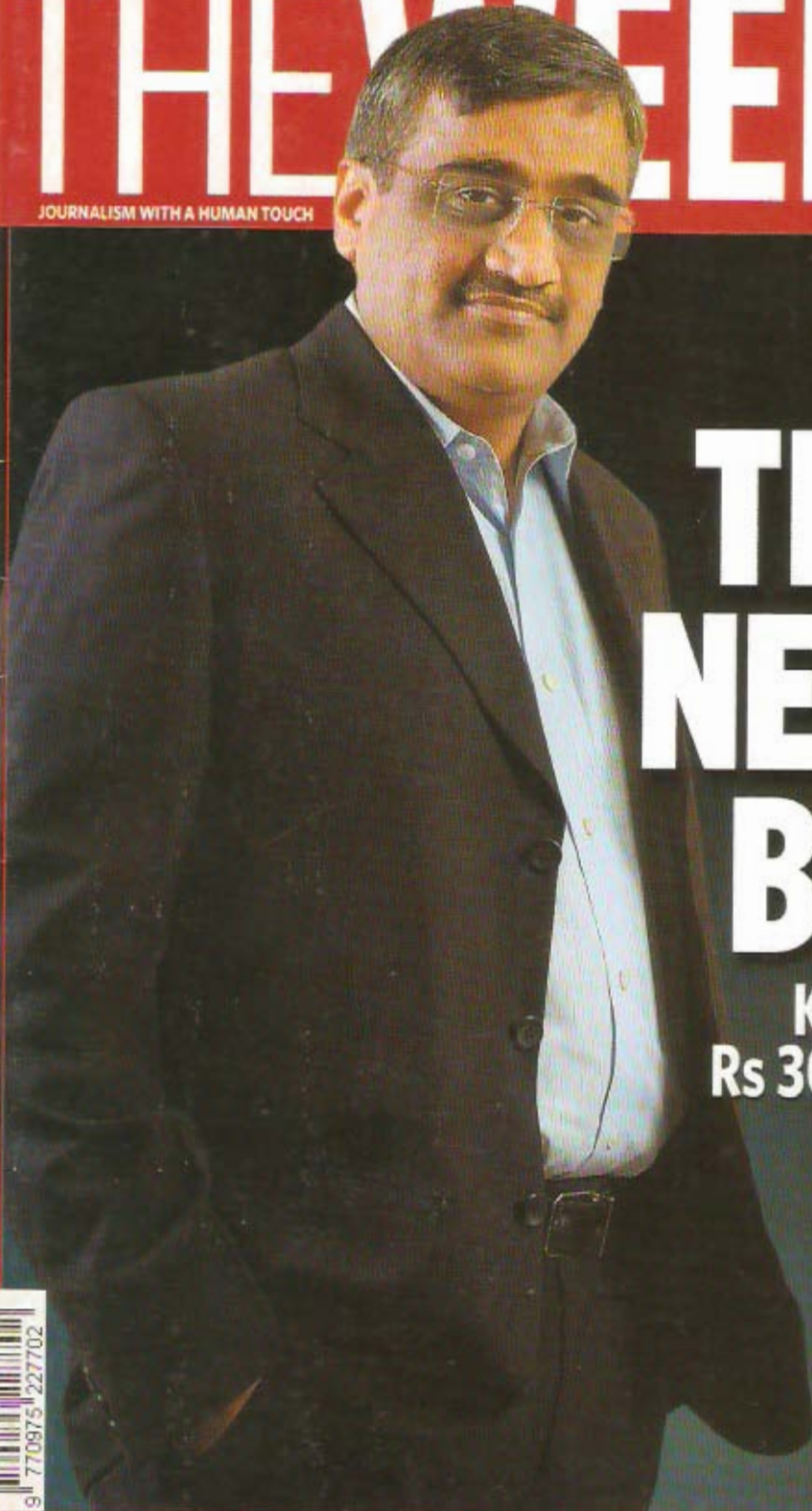
MAY 23, 2010

Rs 20

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THE NEW BIG B

Kishore Biyani's Rs 30,000-crore dream



Education & hospitality, Biyani's next stops

Merchant of ideas

He changed the way Indians shop. It has been a fascinating journey for Kishore Biyani from the small loom in Mumbai to the Rs 10,000-crore empire

By Monika Shinghal

There are 12 photo frames in Kishore Biyani's office in Mumbai, neatly hung on the wall bang opposite his work station. Eleven of them have portraits of people who have inspired him at various stages of life—Rabindranath Tagore, Mother Teresa, Indira Gandhi, Albert Einstein, Sam Walton, Stephen Covey, Anthony Robbins, A.P.J. Abdul Kalam, Rahul Bajaj, J.R.D. Tata and N.R. Narayana Murthy. The twelfth frame has a mirror inside it.

It is believed that Biyani likes seeing himself in this mirror. People close to him say that it is one of his most private moments, something which he does not like to talk about. So any hypothesis on its purpose would, at best, be a guess. But one thing is certain. The intention is not to force himself to emulate those great people. That's because, Biyani firmly believes that there is no particular way of doing anything.

According to Biyani, everybody in the world ultimately works towards attaining LSD—Laxmi, Saraswati and

Durga, goddesses of wealth, knowledge, and emotional well-being and power, respectively—which everyone finds in a distinct way. Biyani, too, wants to attain it by making a mark in his own way. As for what is his way, he promptly replies: "I have no way. My way is the consumer way."

It seems he is having a great journey on the chosen path. While retail forms his core business, other interests include consumer finance, insurance, leisure and entertainment, brand development, real estate development, retail media and logistics. The group companies include Future Capital Holdings, Future Generali India Insurance Company, Galaxy Entertainment, Future Supply Chain Solution, Future Brands, Future Venture, Future Media and Future Consumer Products. The Rs 10,000-crore Future Group is spread over 12 million square feet of retail space in 71 cities and 65 rural locations across India. It employs around 30,000 people.

In a bid to open up avenues for raising money to fund future expansion



plans, Biyani recently restructured Future Group's 22 companies into two key business groups—retail and financial services. "Wherever money is required, we will get in money and every balance sheet will have to look at its growth plan and raise money," he says.

Future Group's reported alliance with Carrefour, Europe's largest retail chain, is keeping Biyani in headlines. Although the group's corporate communication head Atul Takle dismisses it as "anything but true", rumours refuse to die down. Biyani recently acquired Shoprite, franchise store of South Africa's biggest grocery chain Shoprite Holdings, which he has renamed as Foodrite. This will fuel his efforts to become a significant player in the Indian food industry by operating large format food stores.

Biyani aims to make the group worth Rs 30,000 crore in the next five years. Aggressive plans to achieve the target are already underway. Says Rakesh, Biyani's cousin and CEO of the retail division, "All energy would be focused on making the existing concepts—Pantaloon, Big Bazaar, Central and Brand Factory—become larger and more efficient so that they contribute substantially higher in profit going forward. Our size would double in terms of the number of doors and locations we operate, barring Central, and while we would expand to more geographies, we would also look at how we can further customise our stores to suit the respective needs of local customers

BIG PLAN

The Rs 10,000-crore Future Group is spread over 12 million square feet of retail space in 71 cities and 65 rural locations across India. It employs around 30,000 people. Biyani aims to make the group worth Rs 30,000 crore in the next five years.

Future bright

Joining her father's business might have been more of a 'natural progression' than a 'planned entry' for Kishore Biyani's daughter Ashni Biyani, 25. She has charted out her role and responsibilities in the group. Though she enjoys dealing with different ideas, Ashni has stayed focused on a single idea for over a year now.

Now she is leading the concept of Big Bazaar Family Centers, which essentially is an offshoot of the group's existing hyper market retail format Big Bazaar. It is a community-focused initiative to observe and understand the nuances of consumer behaviour and address even the smallest of their needs. Although consumer focus has been at the core of everything that the group has done so far, this retail format is designed to cater to the local needs of communities which live in a particular area.

Each of these is spread over 65,000sq.ft and functions like community centres where families can "come and converge", says Ashni. Currently there are 14 such stores and she is planning to convert a few more Big Bazaars into Family Centers next year.

Ashni heads the group's joint venture with luxury leather accessories brand Hidesign. The joint venture offers quality leather goods manufactured by Hidesign at affordable prices. The products are sold under the 'Holi' label.

She is also the director of Future Ideas—a separate team engaged in creating new business ventures for the group—and is on the board of Future Group. But Ashni is not concerned about the designation in the organisation. "None of us is working here for designations," she said. "We are very clear about the role that we want to play in contributing to the growth of the company. Designations don't matter at all."

and build an organisation that allows us that flexibility."

Known for his uncanny and profound understanding of the psyche of the Indian consumer—which distinguishes him from the crowd in the industry—Biyani seized the thought of starting retail business when he was in college. "After finishing my school from Manav Mandir High School in the Malabar Hills, a locality where I grew up, I joined HR College in Mumbai. I was in a fairly diverse class which exposed me to a whole new world, far from the confines of our apartment in Jeevan Vihar. My days in college were probably the best learning phase of my student life. I learnt a great deal about human dynamics and discovered life in general," he says.

His first encounter with retailing, however, happened when he visited the Century Bazaar in central Mumbai. Its size and variety of merchandise caught his fancy and

strengthened his resolve to start something "similar or even better".

Biyani decided to break away from the family mould of business in the final year at college. The family, which came to Mumbai in 1935 from Nimbi in Rajasthan, was primarily into fabric trade. The company—Bansi Silk Mills—was an intermediary between textile mills in Mumbai and local garment manufacturers. Biyani was not convinced about its growth potential. Also, he could not understand the 'preserver' approach of the family towards business. "While in college, I had decided that I would not continue in the family business. Instead of seeking new opportunities, it seemed to be more inclined on preserving the business the way it was. I trusted my own nose for business and felt the need to break away from the family business and start something on my own. Besides, I did not see any point in becoming the ninth member of the family to get involved in the same old



Young blood, new designs:

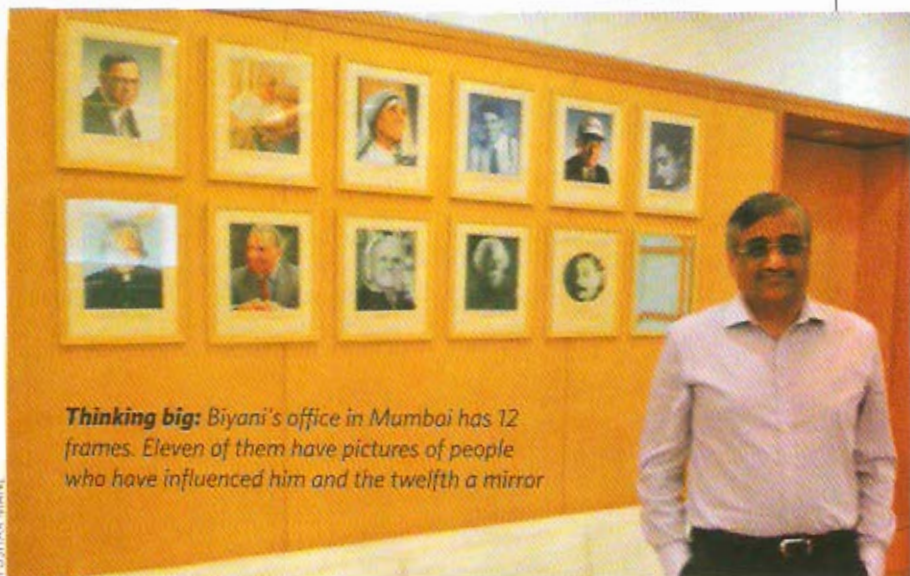
Ashni Biyani has charted out her role in Future Group

routine," he says.

Finally, he expressed his desire to disengage from the family business and start his own. Says Biyani's wife, Sangita: "Everyone in the family had resigned to the fact that he was different. Although, one positive thing was that while my father-in-law did not encourage him to pursue his own ideas, he did not prevent him from doing things on his own. But nobody



TUSHAR MANE



Thinking big: Biyani's office in Mumbai has 12 frames. Eleven of them have pictures of people who have influenced him and the twelfth a mirror

rupees. "That's how I made my first profit. I was fully convinced then that I could start out on my own," he says.

Unlike traditional entrepreneurs who believe in preserving the existing business and are averse to risks, Biyani takes pride in considering himself to be a "creator and destroyer". "Preserving the status quo has never been my cup of tea. I believe if a business does not grow and evolve, it is not an enterprise at all," he says. The success of the stone-wash fabric made him impatient. He started looking around for something new and eventually tried his hand at several things in the next 15 years—some ventures worked and some did not.

His second attempt was the launch of the men's trousers brand WBB (abbreviation of three most popular colours of trousers those days—White, Blue and Brown). The branding was in line with Biyani's contrarian image. He is known to be a person who likes questioning even the most established norms in life. "It helps him stay relevant to the present. Kishoreji does not accept any givens as he thinks that each given is created in a particular situation which might not exist after a certain point," says Devdutt Pattnaik, chief belief officer, Future Group.

While he launched WBB, Biyani bought fabric from local textile mills and sold it to garment manufactur-

BIG COMPANY

While retail forms Biyani's core business, other interests include consumer finance, insurance, leisure and entertainment, brand development, real estate development, media and logistics. The group companies include Future Capital Holdings, Future Generali India Insurance Company, Galaxy Entertainment, Future Supply Chain Solution, Future Brands, Future Venture, Future Media and Future Consumer Products.

ers and shop owners simultaneously. He also participated in textile exhibitions and fairs which were held from time to time in Mumbai. He advertised WBB aggressively and it eventually became a success, selling 30,000 to 40,000 metres of cloth every month at its peak.

Biyani's next big stop was ready-made garments, an area nobody in the business then had an interest in. He set up his own looms in the 600sq. ft land that his family had in Andheri, Mumbai, to make men's trousers. As nobody was keen on selling ready-made trousers, he opened a 400sq. ft shop with a friend to sell what he

expected anything grand oracular from him."

Biyani started his entrepreneurial journey by selling stone-wash fabric in the early eighties. He had seen one 'fashion-conscious' friend in wearing trousers of this fabric approached Jupiter Mills, a government-owned textile mill in Mumbai, and placed his first order for 100 metres of the cloth. The fabric was very popular among the college students. In six months Biyani sold 100 metres of stone-wash fabric worth a few lakh

I am not scared of failures

What made you go for organised retail, which was unheard of in India then, rather than join family business?

Consumers always fascinated me. Advertising allured me as I love communicating with people. I wanted to decode the psyche of Indian consumers for as long as I can remember. Probably, that's what made me get into this business. Besides, I don't think I had anything more interesting to do than this at that time.

I think India really evolved post liberalisation. There are new categories, new consumer habits every three to four years. The Indian society is emerging. One has to recognise this change and we want to be a part of this change. That's the way we have thought about ourselves for a while now.

What, according to you, is failure?

When you create something, you get attached to it and start liking it. In our business, it is not about what we feel good about. It is about what consumers like. That was the biggest lesson of my life and had it not come early, it would have been difficult. People fail when they don't learn from their mistakes. Failure, otherwise, is always a stepping stone to success.

More often than not you have got it right.

We understand only one thing—consumers. Our whole philosophy is only to decode the Indian consumers. Besides, I don't believe in the concept of right or wrong. In the culture that we are trying to build—our belief system—there is nothing right or wrong in it. There is no absolute truth. Unfortunately, the way we have been brought up and our education system have created a matrix on which we judge people, but human life doesn't work that way. We can weigh ourselves but it would be wrong to judge.

Is it true that you would stand in one corner of your store and observe people?

There are many stories. But I think if you are an observer, you are an observer everywhere. We are an observer of society and consumers. We observe everything that is happening.

What made you always score over competition?

I don't think that I have done anything great. Fortunately, we have been a little ahead in the learning curve by starting early. We took the lead in making mistakes.

What made you think of operating multiple delivery formats?

I think it is not possible to deliver in one format. We are a very different society. There is no one size that fits all here. We are one of the most heterogeneous societies in the world. Secondly, it is a learning phase. We might consolidate some of our formats tomorrow.

How do your instincts help you in business?

One should keep trying. You would never have all the answers before you actually do something. Unless you take the plunge, you would not know what you have ventured into. I am not scared of failures.

What would be your next big leap?

We are looking at the FMCG category in a big way at the moment. There is a big Indian way of doing the FMCG business and building up brands in this country, especially food. There is a lot of new value-added food consumption happening in India. Indians are experimenting with pastas, noodles, chips and even cereals. This change has just come about as this category never existed before. It is becoming a billion-dollar category which is amazing. Even in Badrinath-Kedarnath you get noodles now.

Private brands will be an integral part of our business strategy from



here on. They give us better margins. I won't talk numbers but it would be significant.

We are also thinking of getting into education. We want to redefine education. We are looking at building up leadership and entrepreneurship schools. The first such school would come up in Lonavala next year.

We are also looking at hospitality. Most of the hotels in our country are built with a western concept. I think Indians are very different. They move around in groups. We want to create Indian-style hotels with western aesthetics, sensibilities and efficiency. The first hotel should be ready in the next 9 to 12 months. We would start with a few and see how they do and would take it forward from there. In five years from now, we want to be worth \$6-7 billion.

What lessons did you learn from the



Family matters: Kishore Biyani with wife, Sangita, and daughter Ashni

why we are the 'future group' and not the past group.

We still pay rent on the daily basis there. But how does it matter? The family that rented us the property has become our very good friend. We holiday together in summer every year. They are with us on every occasion. Rental is just a transaction. It can change. But it is the most profitable store even today. Its rent has never gone up. This could be the other way of looking at it.

It has been a while since you published the book 'It Happened in India'. Are you writing another book?

No, I am not writing another book. Writing is one of the best forms of expression. I love to communicate whether it is telling stories, writing books or anything.

Which brands do you like and wear?

I like quite a few brands but I only wear my brands among the Indian brands. I don't buy from other stores. I like Hugo Boss. I like its business suits. I wear them occasionally.

Where would the next phase of growth come from in retail?

I think India can be the biggest market for quite a few things in the world. We are not made to do business overseas unless we redesign ourselves. Our core value is Indianness. We can't think of anything beyond that. We are not averse to foreign tie-ups. We aren't averse to anything. If Indian consumers like western products and western way of doing things, we will adopt it. We respond to consumers.

You are very clear that you would always cater to the masses?

I don't understand luxury. We are not made to do luxury. We don't think luxury as an organisation. Any organisation that thinks for the classes can't think for the masses.

economic downturn?

Cost control is one of the major changes that we have made post downturn. Secondly, we are ready for any eventuality now. We have also split our whole business into three categories—retail, financial services and support. Downturn could be one of the reasons behind it. We have to create multiple balance sheets now unlike before.

Your first store was opened in Kolkata at Garia Heart. How special is it? What changes has it undergone since then? Do you still pay rent on a daily basis there?

The layout has changed. Quite a lot has changed there. I am not attached to anything now. It does not help. You can call it nirvana if you want, though it won't be totally correct. I am not an emotional person. You should learn from the past and move on. We don't live in the past. That's



BIG START

The first Big Bazaar came up in Kolkata at Garia under the name Pantaloons in August 1997. Started as a 10,000sq.ft shop, it is now spread over 27,000sq.ft. The format was a huge success and Biyani set up several similar stores across India.

had named 'Pantaloons'. "This was his first retail experience. But everyone in the family dismissed the idea of selling readymade trousers. They said we are not tailors. Why is he doing a tailor's job? I got worried in the beginning and questioned him but he had full faith in what he was doing. Gradually, I too started discarding such remarks," says Sangita.

Biyani soon set up a fancy yarn plant in another locality in Mumbai. It was in partnership with two friends, with everybody investing Rs 3 lakh. Although it sold goods worth a crore in the first year of operation, it had to be shut down owing to frequent labour disputes. Says Biyani: "Orders started piling up and we could not deliver. We had to finally shut it down. It came as a big jolt. Fortunately, I had something else in hand."

What he had in hand was the distributorship of denims made by Arvind Mills. Riding on the increas-



BIG BRAINS

While hiring people, Biyani looks for logic and creativity. "I look at both sides of the brain to see how active they are in an individual. The right side is the creative, aesthetic and visual side. The left side is the logical and rational side. Anybody who has the ability to use both sides of the brain effectively is the right person for us," he says.

ing popularity of denims in the eighties, he set up a network of salesmen who could sell them to large apparel stores. Simultaneously, he invested heavily in marketing the Pantaloon brand. With this, he was into full-time manufacturing and distribution. He named the company Manz Wear Fashion and it got incorporated in October 1987 with a seed capital of Rs 7 lakh. It later changed the name to Pantaloon Retail.

In 1991, Biyani opened the company's first franchisee under the brand name Pantaloon Shoppe. Also, he launched many brands like Bare and Knighthood. "With this, Pantaloon Shoppe got positioned as a complete menswear destination," says Biyani. The increasing popularity of these

Game changers

Future Ideas is a team which works continuously on consumer insight and incubates ideas for the group, whether it is for a new business or for modifying an existing one. According to Damodar Mall, customer director of the group, Future Ideas is an attempt to replicate Kishoreji's out-of-the-box thinking and the ability to generate path-breaking business ideas. "It basically does what Kishoreji used to do five years ago. We are just trying to institutionalise the process," he said. Some of the key ideas that have taken shape at Future Ideas include Ethnicity,

KB's Fair Price and Big Bazaar Family Centers.

Ethnicity is the group's family lifestyle store which offers an organised platform for ethnic clothes and accessories. Each store is spread across 25,000 to 30,000sq.ft of retail space. KB's Fair Price is positioned as a no-frills, fair price shops chain. It is a departure from the group's traditional large format stores. The 2,000sq.ft shops replicate the look and format of the neighbourhood convenience stores.

The team at Future Ideas is currently engaged in incubating campaigns for the group's latest initiative to expand in the food segment by developing food brands.

brands translated into a widened presence of Pantaloon Shoppe with 72 outlets in 40 cities across the country in five years.

Despite the fast growth, Biyani knew it was time for course correction. "The business became unviable as franchisee owners started taking unfair advantages. They focused more on lining their pockets than building a long-term relationship with the customers. For instance, we decided to offer free alteration services to our customers. But, more often than not, the franchisee owner would not inform the customer and yet charge us for it and pocket the alteration fees. So, we understood that this model was not working for us anymore," he says.

It was at this stage that cousin Rakesh joined him in the business. He was quick to understand that the company needed to scale up from its current level to survive and prosper in the long run. "We could either transform ourselves into a mega fashion brand by making huge investments in the existing set-up or tie up with an international label and market it in India or give a completely new direction to business and get into modern retail and compete with the upcoming retail chains. The last option,

obviously, looked like the most challenging proposition. But we decided to go for it," says Rakesh.

The first store came up in Kolkata at Garia under the name Pantaloons in August 1997. Started as a 10,000sq.ft shop, it is now spread over 27,000sq.ft. It outpaced the competitors in growth and set up several stores across India. Biyani positioned Pantaloon as a family store that offered a complete range of apparel for men, women and children. His strategy was to Indianise fashion. "Fashion needs to flow from within the indigenous culture, customs and colours of the country. If it is for the larger public, it has to be inspired by the local context. It is a value which is at the core of Future Group. We call it Indianness. Kishoreji is focused on catering to the masses and is paranoid about losing touch with them," says Damodar Mall, group customer director.

Big Bazaar was Biyani's next stop. The idea was to create a value retailing model as everyone in the industry was focused on lifestyle retailing. Owing to his deep understanding of the Indian society, he figured out the need for different delivery formats to cater to various segments in the country. "India is one of the most heterogeneous societies. It is impossible to

Business as usual: At a Big Bazaar in Mumbai

boss changes every day. "He goes on a 10-15-day vacation around the month of May every year. When he comes back, he introspects and comes up with new ideas. So, June is the month of renewal for him and everyone," says Jog.

Biyani is a Hindi movie buff. "Unfortunately, I don't find time to watch too many movies. I do manage to catch some good ones. I saw *3 idiots* recently. My whole idea of getting into movies was to communicate about our brands, it was never really to get into the film business," he says. He is an ardent fan of Mohammad Rafi.

Known to be a compulsive observer, Biyani does whatever needed to add to his knowledge of consumer behaviour, be it visiting malls, walking up to his stores, talking to people on the streets or watching people go to Siddhi Vinayak temple. "I don't rely on data. Data can give only one part of the story. It can't see and observe," he says.

Before he does anything, Biyani asks himself why he should do it and not how it should be done. It is embedded in the culture of Future Group. While hiring people, he looks for logic and creativity. "I look at both sides of the brain to see how active they are in an individual. The right side is the creative, aesthetic and visual side. The left side is the logical and rational side. Anybody who has the ability to use both the sides of the brain effectively is the right person for us. I like to engage with the person with whom I am going to work. It's like an arranged marriage. Arranged marriages mostly work! There aren't many divorces," he says.

Guided by the philosophy of decoding the Indian consumer, Biyani's singular goal is to respond to the needs of the Indian masses and take the business to an altogether different level by 2015. It would be this that keeps him going and growing in the next few years, until he sets himself a new target. ■



BIG REACH

In the lifestyle segment, Future Group operates Pantaloons and Central, a chain of seamless malls. In the value segment, its marquee brand Big Bazaar is a hypermarket format. The home improvement chain Home Town, sports retail chain Planet Sports and electronics retail chain e-Zone are the group's major speciality retail formats.

movie—*Na Tum Jano Na Hum*—in 2002. I saw a snippet in *THE WEEK*. That could be the first turning point. You get recognised only when you do something, whether it is a hit or a flop. So, the first recognition came when I made a movie and big recognition came when we opened Big Bazaar in Mumbai. That was a defining moment for Future Group. Although we had already opened three Big Bazaars before Mumbai, nobody noticed us. After this, everybody started noticing us," he says.

It has been a journey of constant renewal since then for Biyani. Sanjay Jog, chief people officer, says his

cater to everyone in one format," he says. The concept was an instant hit. The group, eventually, got into multiple retail formats with the objective of catering to the masses by capturing the entire consumption space within and outside retail.

In the lifestyle segment the group operates Pantaloons and Central, a chain of seamless malls. In the value segment, its marquee brand Big Bazaar is a hypermarket format that combines the look, touch and feel of Indian bazaars with the convenience of modern retail. The home improvement chain Home Town, sports retail chain Planet Sports and electronics retail chain e-Zone are the group's major speciality retail formats.

In retail, the group is planning to focus on fashion and food. In the fashion space, besides other things, it is determined to promote the women's wear business in a big way and aims to get a big chunk of revenue from here in future. In addition, it has big plans for Planet Sports chain which it acquired two years ago. The food business is another area the company has expectations about.

Biyani gets nostalgic as he recalls the moment of first public recognition. "I was never written about until I got into films and made my first