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Decoding the MSME entrepreneur: Understanding the enterprising and their enterprise

With more than 26 million units comprising over 80 per cent of all industrial enterprises in the country, the MSME sector offers interesting prospects today for any wannabe Indian entrepreneur. However, as with any such decision, the prospect of going all out to start, build and sustain an enterprise on one's own is likely to give anyone the jitters. Besides, in uncertain times like the present, people are more likely to put off their entrepreneurial dreams in favor of secure and steady jobs than risk their money, career and reputation - not to forget peace of mind, on some passion they have secretly nurtured.

But what exactly drives the young and old alike to start an enterprise? What are the initial challenges they face? How exactly do they overcome these challenges to give themselves an opportunity to re-define themselves? While questions like these and many more may have been answered in different ways by entrepreneurship experts and researchers alike, let's take the questions to young Indian entrepreneurs who have managed to set up a business, and run it successfully in recent years. Obviously, the idea here is to know more about the kind of work these entrepreneurs do, and understand the knowledge, attitudes and skill-sets they bring to work.

Not my father's business

Gyanendra and Pravin of Simply

India Holidays - a travel and tourism company that specializes in MICE (Meetings, Incentives, Conferences and Events) are in their early 30s, and not exactly the kind of entrepreneurs one would bump into at any corporate event - and yet, you are most likely to bump into them at precisely such events if you look carefully. However, since their profession involves a lot of behind-the-scenes management, they are most likely to escape notice at any of the corporate events they run. When I caught up with them for a chat at one such event organized by a Mumbai based company, it was quite enlightening to know how these chaps, based in Lucknow, had set up an interesting business in a space of few years.

While the travel and tourism industry is quite vast, firms such as Simply India cater to a niche segment within the same sector that is growing phenomenally. Typically, firms in this space provide all logistical support to organize:

- **Meetings** - in-company events of various types, from the mundane to more elaborate ones
- **Incentives** - travel and tour packages offered as rewards to employees and company dealers/distributors for meeting ambitious targets
- **Conferences** - press conferences, video conferences or other company specific conferences organized around special themes
- **Events** - specially packaged shows and corporate parties

Set up in 2010 by Gyanendra, Simply India today boasts of big ticker clients such as Bharti Enterprises, Wal-Mart, Uninor and Godrej, apart from a clutch of clients in the MSME segment. While the firm has grown steadily to six employees now, its scale of operations ranges from managing biking or adventure activities for a batch of five to six people to running an offsite event in Nainital for over 300 members of a particular organization. Obviously, this is a labor intensive business and technology can help only so much. Recently, the company managed to fly a bunch of distributors of a well-known telecom company to Bangkok as part of an incentive event. Operations of such a nature, says Gyanendra, require meticulous planning, not to mention tremendous coordination and support between the event organizing company and the client. Undoubtedly, the only competency that works here is customer service. For Gyanendra, events of this nature also bring out the best in them and their employees. He fondly remembers the time when in company, he was part of a team that organized a special reward program for 1800 distributors of a leading telecom company. The program was a four-day event and featured 16 destinations.

What's in education?

As with many entrepreneurs that I have come across, Gyanendra learnt a lot from his experiences in the

travel and tourism industry than through any formal education. Since both he and Pravin hail from middle-class families belonging to smaller cities such as Gorakhpur and Banaras, there was always a strong pressure back home to pursue formal education, and apply for government jobs. Whereas Pravin managed to complete an MBA in Tourism, Gyanendra went straight for a job after his B. Com. Apparently, his secret dream to become an entrepreneur, which he nurtured from the time he completed his matriculate, had become too irresistible by the time he finished his graduation. He worked for four years in a company that catered to the MICE segment, and then joined Make My Trip where he lasted a little over three and a half years.

Pravin, on the contrary, started his career with a hotel chain and then worked with a construction company for a couple of months before joining Make My Trip, where he met Gyanendra. Incidentally, he joined Gyanendra a year after Simply India was set up.

Gyanendra's own special trigger for starting a business has been his bad experience as an employee at one of the companies he worked for earlier. Apparently, his team had been promised a special incentive if they achieved an ambitious target. When the team managed to pull it off, what he still calls a stupendous achievement, the company did not live up to its promise. Obviously cheated off by this betrayal, Gyanendra visualized starting a company where employers and employees alike would never have to go through such an experience. He strongly believes that the employer and employee mindset is a bane rather than a boon for any business. According to him, a true partnership in any enterprise rests on mutual respect and living up to each other's commitments.

Developing expertise through experience

Working closely with companies, in the same sector, for over nine years gave Gyanendra an extra advantage when setting up Simply India. Since the business involves knowing the intricacies of working closely with travel portals and travel service providers on the one hand, and companies on the other, exposure to business is mandatory for any start-up. Typically, companies that offer services around MICE have to work through various steps from generation of business account to execution and close of project. According to Gyanendra, typical steps involved include:

- Calling the Sales Head or HR Head of a company to check for potential business opportunities, based on lists derived from customer database
- Showcasing company capabilities and client lists before the prospective customer to bag business
- Proposing terms of engagement based on expression of interest and working out details related to the modus operandi as well as desired level of support needed from the client
- Organizing bookings based on vendor identification (easily running into 150, on average, across multiple locations) and terms
- Negotiating rates at both ends - the company and

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the vendors

- Executing the project
- Closing the project with client and vendors based on close of billings and payments

Interestingly, one of the biggest challenges to any business is funding. Accordingly, there is pressure to work out better credit and payment terms with customers and vendors alike. According to Gyanendra, Simply India has to invest its own funds depending on the percentage of advance a customer pays. Whereas some clients pay the entire amount upfront, some prefer to pay about 50 per cent to 70 per cent in advance. When the billing runs into crores, a huge amount of investment is locked in the business. This stops such businesses from growing at a fast rate, particularly when there are no great profit margins to justify such huge investments.

Start a business and run it too

For the founders of Simply India, starting a business was more of a deliberate strategy than taking a plunge into the unknown. While Gyanendra and Pravin went about their jobs, they also plotted their exit and timed it well. Gyanendra not only ensured family support was in place, but also went the distance to ask for advice from friends and business contacts. With limited start-up capital to invest initially in the business, a close family friend helped with office space. Since regular business paraphernalia such as office furniture and related facilities are critical for authentication purposes in the industry, the family friend's kind gesture was a tremendous boost. It helped Gyanendra set up with no additional cost. Besides, a lot of industry friends were generous in providing references and referrals. The choice of location - Lucknow, was also based on avoiding the crowded market for travel and tourism in Delhi and Gurgaon. And though today, Simply India competes with the likes of Make My Trip, Thomas Cook and SOTC, the locational handicap has actually proved to be an advantage

as it is located in an upcoming market where very few players offer this kind of professional services that Simply India does.

As with any business that is in the start-up stage, getting the initial few clients was quite a challenge. Fortunately for Gyanendra and his team, several business contacts and clients they had worked with in the past, offered strong support.

Building the future

Simply India like many other start-ups in its sector face several challenges to keep itself profitable and in business. In order to manage operations seamlessly, the enterprise is structured in such a way that they have employees exclusively focusing on separate operations such as corporate sales, project operations, and ticketing.

Obviously, skilled employees are hard to come by. The biggest challenge for Gyanendra is providing competitive remuneration at par with the biggies in the sector and retaining top talent. Typically, employee expectations are very high and Simply India has a process of trying out graduate trainees for a particular period before confirming them. Obviously, both Gyanendra and Pravin invest considerable time in training the probationers well. What this effectively translates in to is more time spent on developing people than spending it on sales or client management. Both promoters try and inculcate an ownership mindset in all employees - for instance, when any employee is traveling in connection with office work, the remaining ensure that their family is taken care of.


In an industry where bargain prices are the order of the day, it can be very difficult to negotiate for good prices and make a decent margin. Simply India is not averse to this trend and does its best to ensure a healthy balance sheet. They are extra careful and cautious with respect to rate negotiations and advances. What is more - they always manage to earmark a certain portion of the profits towards a contingency fund they expect to contribute to

for the next five years. Hopefully, with the kind of liquidity that they manage to create in the next few years, they can hope to go after the big cats in the business.

Globally, the travel and tourism industry thrives on excellent customer service. One of the competencies that Gyanendra and his team have developed is client retention. While this is not easy to breakdown into a formula, Simply India believes they try and get the client equation right every time by ensuring they don't come across as vendors when working with clients. They walk the extra mile to work as one team and also try their best to pass on whatever cost advantages they get through vendors. More importantly, they manage to stay in touch with clients on a day-to-day basis, all the time ensuring they get continuous feedback. These simple activities ensure continuous service improvement and greater connect with clients.

The road ahead

Simply India Holidays has no special plans on paper yet for the future, than that of becoming a provider of choice for all companies in UP in under five years. Of course, this ambitious goal has not been developed in isolation. The company tracks top trends in the travel and tourism space, and has a process of catching up on market intelligence in their own way. Besides, Gyanendra and Pravin tail top players by observing their services closely and getting advice from their customers. Infact, a good deal of innovation in their offering has come through customer suggestions and requests. In other words, their excellent customer relationship skills drive their market strategy and objectives.

The road ahead for Simply India is not even and there are risks apart from payment related bottlenecks that can upset the delicate balance that the team has achieved. However, for the moment Gyanendra and company are busy doing what they do best for others: party. 

Sumeet Varghese is an independent management consultant.