

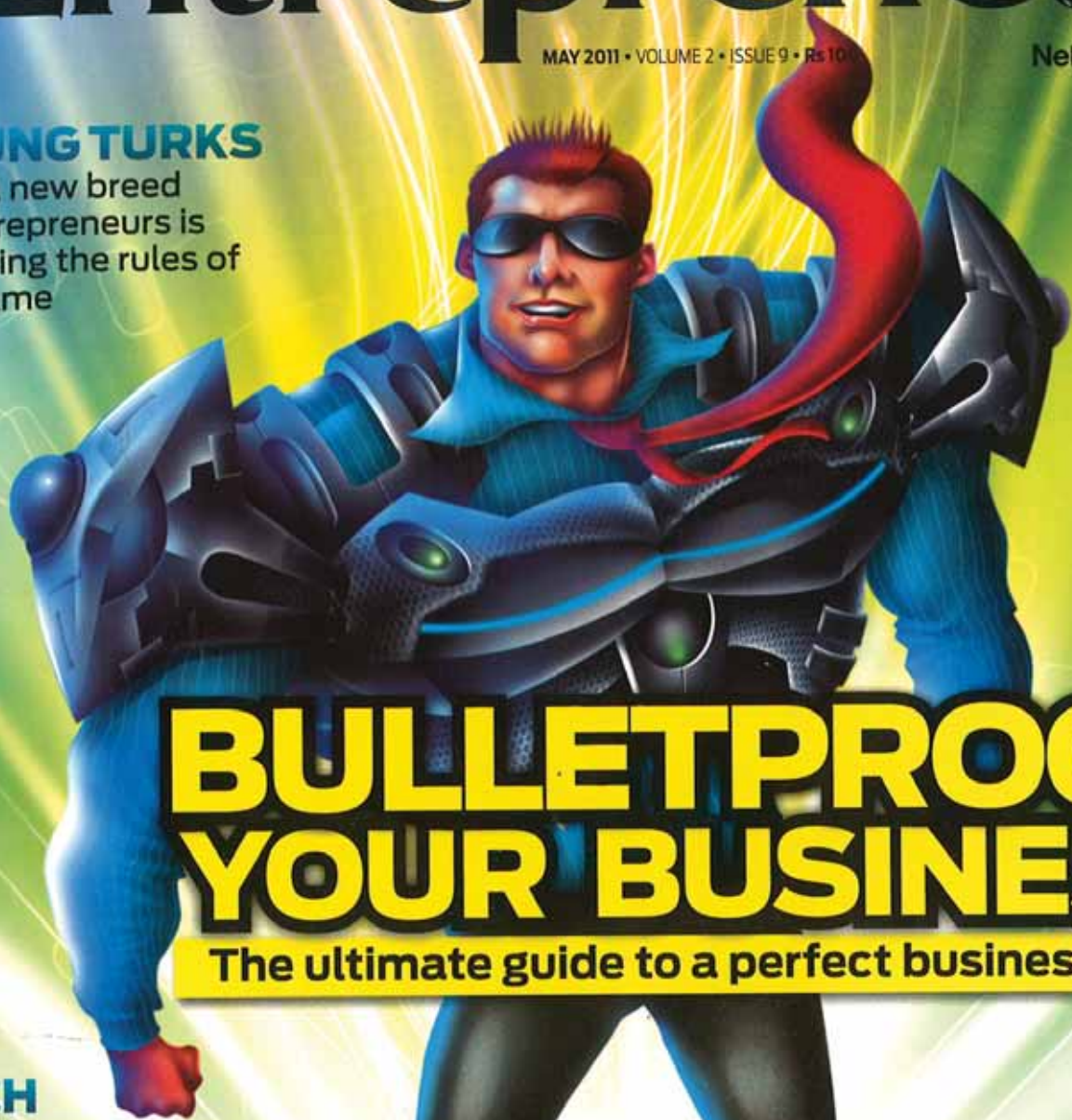
# Entrepreneur

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Network **18**

## YOUNG TURKS

How a new breed of entrepreneurs is changing the rules of the game



# BULLETPROOF YOUR BUSINESS

The ultimate guide to a perfect business plan

## TECH

Steps to set up a cost-effective office IT network

## SOCIAL ENTREPRENEUR

Vijaya Pastala's organization is helping farmers boost their income in a unique way

## ALSO:

*How to Register a Trademark*

*How to Insure Your Firm*

*How to Set Up a PR Practice*

*How to Form an LLP*

*How to Acquire a Business*



## B-plan: A Myth?

**WHEN BHAVARLAL HIRALAL JAIN, THE 73-YEAR-OLD** patriarch of **Jain Irrigation** started his entrepreneurial journey way back in 1963 on his mother Gaurabai's advice, he didn't know what he was going to create. After starting with the sale of kerosene and dabbling in a number of other ventures, **Jain** eventually got into the business of making irrigation systems in the country in 1987. A point that needs to be mentioned here: **Jain** even went bankrupt in between.

Most importantly **Jain**, who heads a Rs.3,420 crore enterprise which is growing strongly, didn't have a business plan. Well, that's not a big surprise. He is, after all, an example of a typical traditional Indian entrepreneur. And we find many such successes all across the country.

This generates a very interesting question in today's entrepreneurial ecosystem. How important is a business plan in creating a hugely successful business? If **Jain** and many others like him can create businesses from scratch, why do today's entrepreneurs burn midnight oil to create business plans?

"Yes, you need a business plan today to get a VC to fund you," says one of the aspiring entrepreneurs we came across recently.

Venture capital funds have a different take. "A plan helps you stay focused and analyze your growth as well," says Saurabh Srivastava, who has funded many of India's successful technology companies.

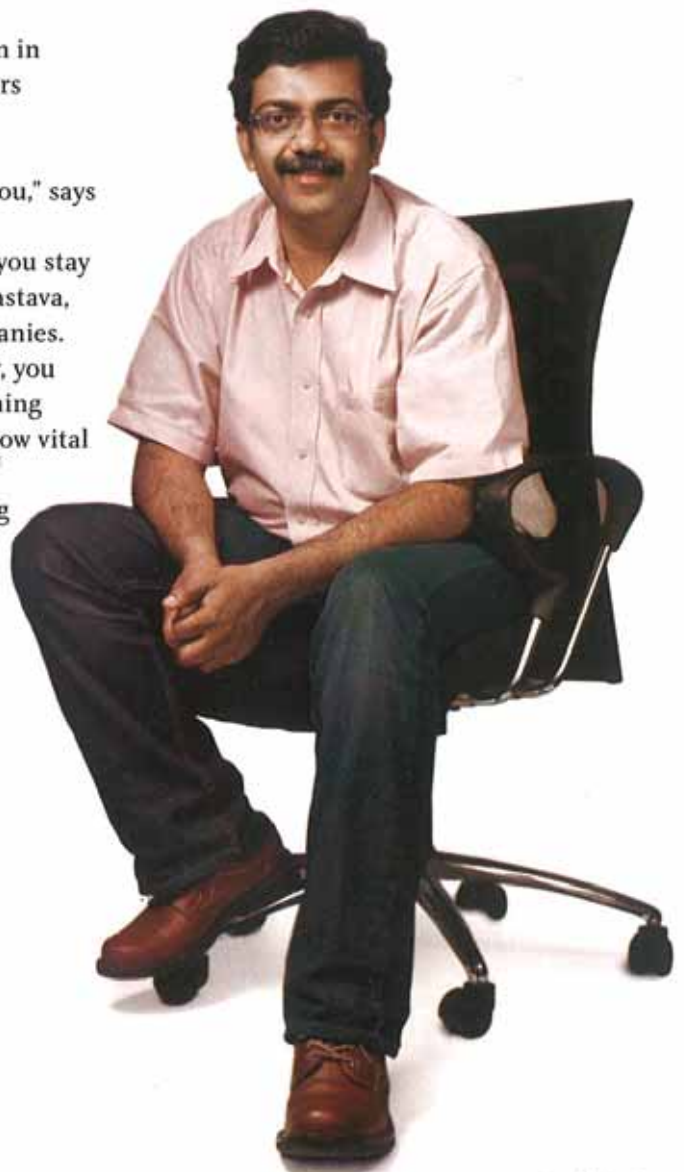
In today's environment, if you want to be an entrepreneur, you might as well have a solid business plan. But, is there something called a perfect business plan? Or is it just another myth? How vital is a business plan to your business?

Well, we decided to get down to the brass tacks of creating a business plan and checked out how vital the B-plan is to successfully run a venture. Our cover story package will answer most of the questions about creating a perfect business plan.

Read on to be a successful entrepreneur.

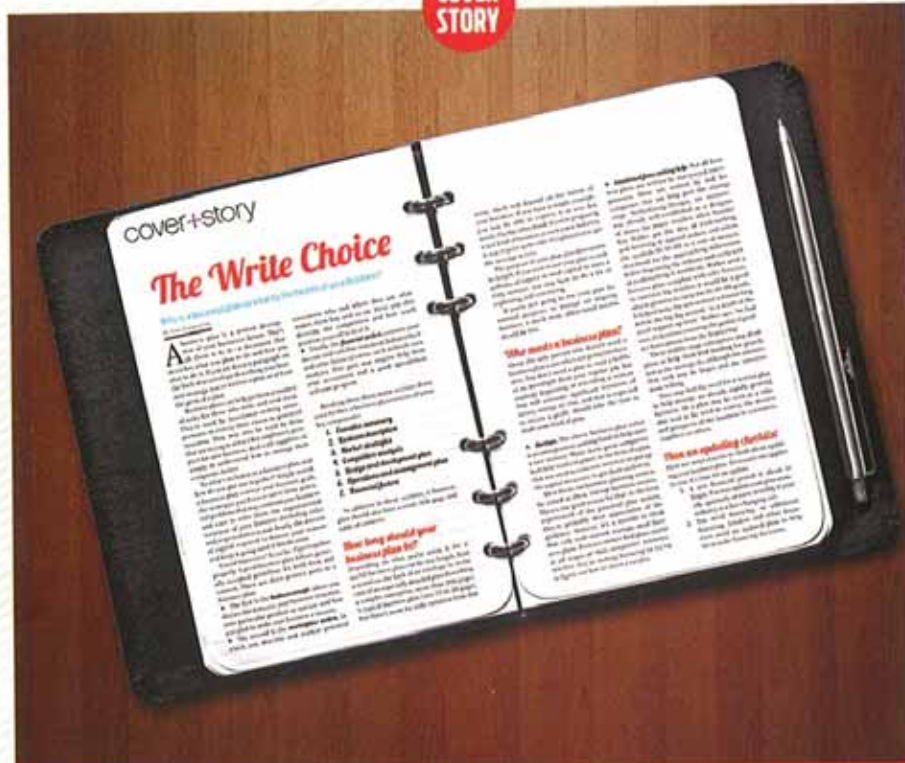


**Bipin Chandran**  
Editor



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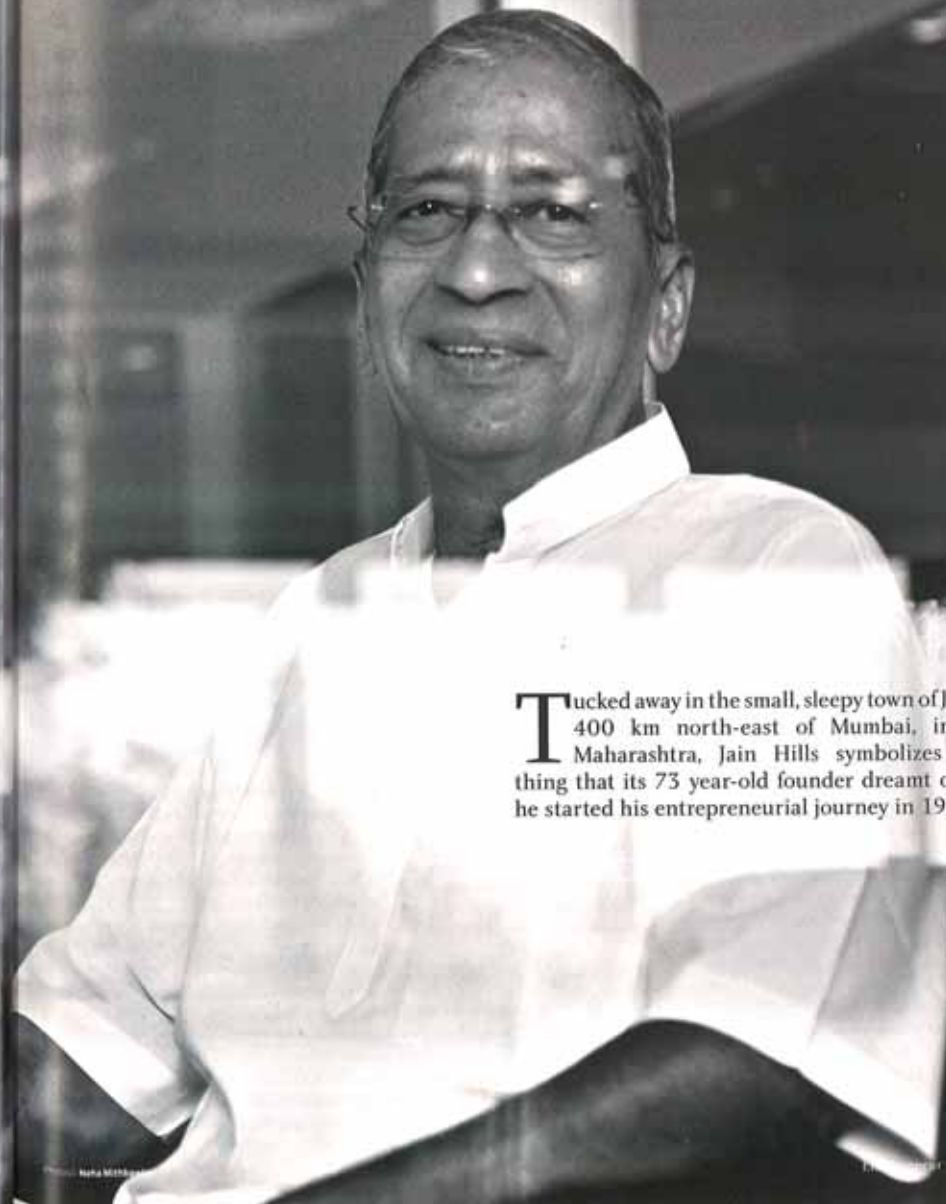
*By Nihar Jambusaria*



# LORD OF THE LAND

**Bhavarlal Hiralal Jain** returned to his roots and discovered various ways to build a successful business empire.

*By Rishi Mehta*



**T**ucked away in the small, sleepy town of Jalgaon, 400 km north-east of Mumbai, in rural Maharashtra, Jain Hills symbolizes everything that its 73 year-old founder dreamt of when he started his entrepreneurial journey in 1963.



Bhavarlal Hiralal Jain hailed from a family of farmers but his ancestors were very keen that young Jain got a city education and exposure. They packed him off to Mumbai where Jain graduated in commerce and then secured a degree in law in the year 1963. Luck favored him and Jain was selected by the Maharashtra State Public Service Commission to serve as Deputy Collector in the same year.

However, there was something that pulled Jain back to his roots. Jain turned to his mother for advice and her words changed the direction of his life forever. "I don't understand what a legal degree means or what kind of work it can fetch you. If you have to run a business, let it be one that helps you feed yourself and the family and, in a larger context, helps the animals and birds to survive too," said Gaurabai to her son, who was then left with a question mark as to what such a business could be. Realization dawned on Jain when he was at a petrol pump in Jalgaon (retailing kerosene as a part of his early trading venture) where his eyes fell on a Scottish drilling rig. The inside of that rig had a line engraved on it that said: Agriculture, a profession with a future. Jain had found his answer.

From then till date, Jain has ventured into spaces as diverse as granite mining to IT services to finance to food processing and yet always come back and rested his heart on the core business of helping the marginal farmer improve his productivity through drip and other micro irrigation techniques. "I was very sure from day one that I will never sell goods/services that feed consumerism. I didn't want to do a business that only helped me to get the consumer's money and put it into my own pocket. I wanted to sell productivity and intervene in such a way that it would enhance the farmer's life and his socio-economic standards. If I get a share of his improved profitability in the long run, I am happy," says Jain, Founder Chairman, Jain Irrigation Systems Ltd.

The firm today holds number two position worldwide in the micro irrigation space. Micro irrigation involves the laying out of a network of plastic tubes in the field such that water 'drips' consistently from intermittent holes in these tubes and reaches the root zones of plants directly. The farmer has to install a motorized pump that runs the drip irrigation system.

Drip leads to saving of precious resources like water, energy and labor for the farmer and proves to be far more efficient than the traditional method of flood irrigation.

Even in his early days, Jain stuck to the ideology of helping the farmer and improving his lot. He founded Jain & Brothers as a trading firm with the family savings of Rs.7,000. The firm provided kerosene, other crude oil products and various agri-inputs to farmers ranging from fertilizers to seeds. The company

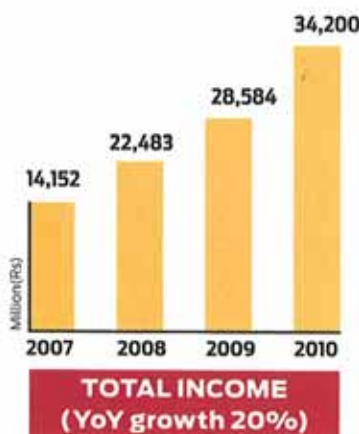
grew quickly and Jain won over some loyal customers selling door-to-door in his early years. "Bhau (everyone in Jalgaon fondly addresses Jain as Bhau or elder brother) wanted to hire a cycle to sell his kerosene door-to-door when he started out. He came to Neri village (25 km from Jalgaon) for that. The cycle shop in Neri in those days transacted only with people who came with a reference. Bhau walked another few kilometers and came to our village Palaskad, got a reference and then went and got the bicycle from Neri. Today, Bhau and his firm's name act as a reference for all of us," says Govind Uddal Singh Rajput, a farmer and a customer of Jain Irrigation Systems Ltd. Jain's firm now boasts a network of 600 dealers and a field force of 1,800 through those dealers.

The next turning point in Jain's life came between 1972 and 1974 when he went back to till the land and gathered first-hand experiential learning on the field. "I was running at a very fast pace to meet my goals and grow the business. I was staying out of Jalgaon for about 20-22 days a month; there was an urgent need to go back to the roots and lead a more peaceful existence. I took two years to go and work on the family farm land. Till then, my only exposure to farming was as a child when I used to visit the fields with my father and uncle. Now I went and sat with the farmer who sowed his seeds and waited patiently for the harvest to happen. I learnt to slow down and understood the various problems that a farmer faces. In one instance, I saw a group of farm workers trying to dig a well. I observed them for two days and figured out that the task could be done in a simpler way with lesser effort involved. I explained the same to them

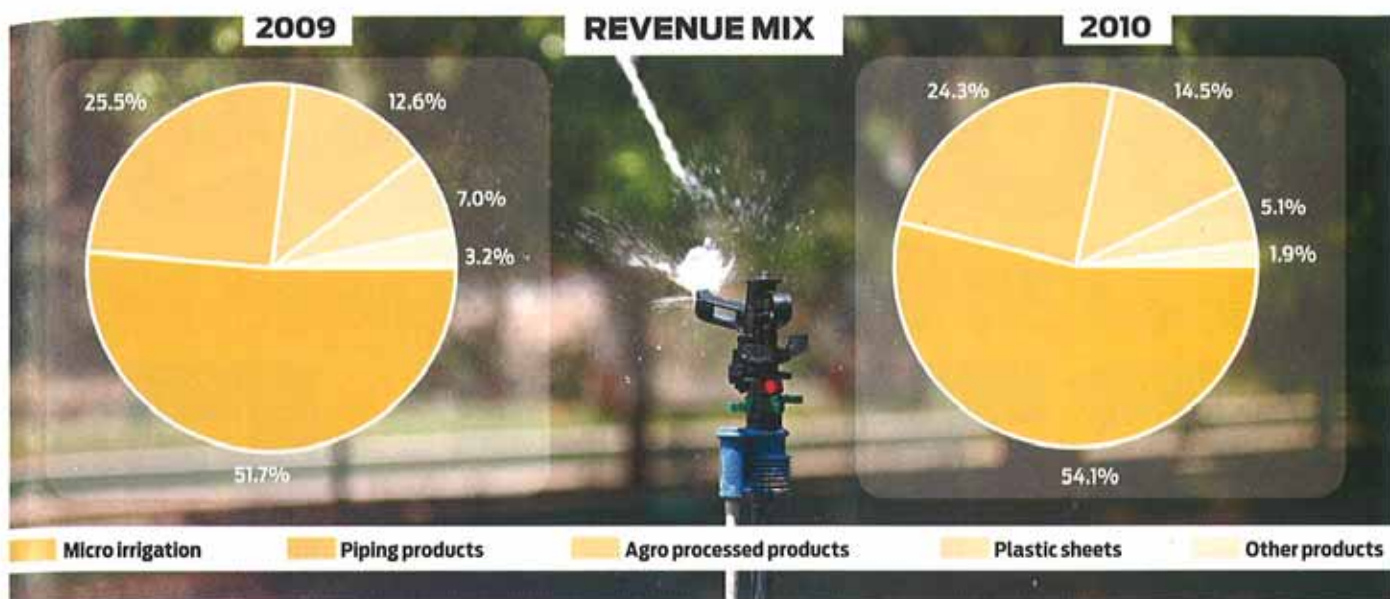
and that approach to tackling the farmer's problems has stayed with me ever since. The micro irrigation products we offer are all technology based and designed to enable the farmer to grow more with lesser inputs," says Jain.

The visionary entrepreneur's foray into manufacturing was marked by the buying over of a sick banana powder factory in 1978 and modifying it for the production of papain, an enzyme. Jain's efforts drew the attention of papain users all over the world and Jain Plastics and Chemicals Pvt. Ltd. was soon earning a huge chunk of forex for the country.

From that point onward, there was no looking back for Jain. In 1980, the group got into the manufacturing of PVC pipes to supply the same to farmers. In 1987, Jain founded the group's flagship firm Jain Irrigation Systems Ltd (JISL) to pioneer and bring the concept of micro/ drip irrigation to the Indian farmer. Jain had visited an exhibition in the US that prompted him to think about drip irrigation and its value for the farmer. Prakash Khodpe, a 53-year-old patriarch and a dealer of JISL since the last 18 years, sheds more light on this. "There is a perennial







labor shortage for agriculture. As drip irrigation is automated and controlled, it helps us to save on two important resources—labor and water. Water is uniformly supplied to the roots of crops, however, the key lies in the fact that the crops are given only as much water as they need, there is no excess usage or wastage. As farmers in Jalgaon have been early adopters of drip, their productivity has improved, which has in turn reduced their debt burden. This has prevented a Vidarbha-like situation from occurring in this region,” he says. Global statistics say that drip irrigation has the potential to improve yield by 40-100 percent on the one hand and save up to 60 percent of the water consumed in traditional flood irrigation techniques.

Jain’s company grew through the ‘80s to leave a very successful decade behind it. This combined with Jain’s risk-taking and entrepreneurial spirit saw the group venture into a dozen different businesses in the early 1990s. The founders had misjudged the technical expertise required to run some of these and the market potential of some others. By 1999, losses had piled up to Rs.180 crore and the company had defaulted on its loans to banks. This was the biggest calamity Jain had ever faced in his entrepreneurial journey. But he did not give up. The management restructured the loans, reduced the capital to half, disposed of unrelated businesses and finally raised money from the market to revamp the business.

In August 2002, the family sold 49.4 percent stake to Texas Pacific Group’s Aqua Fund, which invests in water and renewable energy. By 2003, the company had managed a comeback and Aqua doubled its money in three years selling in 2005 to another group of investors. Though the regeneration of the business saw the various stakeholders go through a challenging phase, Jain’s spirit and character shone through even in those tough times. For the first time in the history of corporate

India, an entrepreneur issued a public apology for his failure. In November 1997, Jain ran a half-page advertisement in India’s leading business newspaper, which started out saying: ‘I’m sad that for the first time since our inception, we’ve fared badly’. Jain’s ‘I’m sad’ was accompanied by two more dialogues saying ‘I’m happy’ (the Crawford Reid Memorial Award—the greatest international recognition in the field of irrigation—had been bestowed on him in the same year) and ‘I’m confident’ (this one spoke about his faith in the company’s ability to bounce back). Jain’s transparency created waves across the country.

Talking to him in his cabin that has all four walls of glass, we realize that here is a man who strongly advocates transparency and Gandhian principles of trusteeship. “Both business and life have to be transparent. There is no other way of doing things,” he says. Jain is now building a Gandhi Center on the premises of one of his factories as he strongly believes that our society will need Gandhi tomorrow more than what it needs him today. “We are putting about Rs.25 crore in this center. However, I believe this is the best thing I have done for this business. It is a part of building an institution meant to last and not just a money-making enterprise,” he says.

Today, Jain has handed over the reins of the company to his four sons. Though operations are run by them, he still keeps himself updated with important developments on a daily basis. He wakes up at dawn each day, surveys the crops and the farm land for two hours and then treks to the highest point on Jain Hills with his grandchildren tagging along to practice an hour of meditation at the yoga center there. Jain spends the rest of his day at work and gathers the family at home in the evening to take note of daily affairs. An Indian patriarch to the core, Jain is a true son of the soil, who has both tilled the land and given its due back in many ways. ■