

As a Business Grows

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As a business grows, the problems that arise are many and complex, and an awareness of these problems is very important. Because the problems are many and complex, some businessmen fight shy of them and prefer to prevent the business from growing. A few months back, I had occasion to analyse the problems of a company which was a running business, but was running down. I found that one of the reasons why the company was going into voluntary liquidation, so to say, was that the businessman had decided sometime back that he will not allow his business to expand. In the process, he did not allow the business to exist either. Therefore, one of the fundamental phenomenon of business is that a business either grows or goes. There was another case, where they had a business of Rs. 18 lakhs, with a sizable profit. But they will not allow the business to grow more than the turnover. Somehow, they reconsidered the problem and decided that it is better that the business grows. Today, they are selling Rs. 88 lakhs worth of goods and they are planning to sell Rs. 1 crore worth of goods next year. Therefore, it is necessary to face the situation that a business has to grow, if it is to be alive and thriving.

Incidentally, one might wonder why the Government is more anxious to encourage small business than big business. Perhaps it means well, but with this difference that instead of putting the emphasis on enterprise, it is putting it on the "small" size.

It is said that "management" is getting things done through people. There are three types of people involved so far as a business man is concerned, viz., the customer, the Government and the general public, and the people within the company. The President of the International Harvester Company once said that the trouble with industry is that it is full of people. If only there were no people, the industry will be splendid! For that matter, there will be no industry, because people make industry. Though no published study is available, a sort of informal survey shows that many companies are facing problems mainly concerned with people. Let us discuss in terms of examples.

When a business grows, it will have more customers and it will be necessary to satisfy the expectations of customers which are rising. We have a scarcity economy or controlled economy. Because of this, there is a sense of complacency among many companies which are growing. They do not think of marketing and innovation as one of their major

functions. They are more in the form of order-takers and salesmen, and not putting all the emphasis on marketing. They do not think in terms of new procedures, methods and measures, and new products. Either they copy from the West or they just tell the other man: let us join hands and do what you have been doing all this time. In spite of all that the Government is going to do in curbing private enterprise, there is going to be competition. When there is competition, it is only that business which gives the right importance to these two-fold functions of marketing and innovation that will survive. The others will have to close down. Therefore, one of the fundamental problems of a business, if it wants to grow and not bulge, will be that it should give the right importance to the "people's sector", viz., the customer, mainly through marketing and innovation.

The second sector which is equally important is the Governmental sector; whether we like it or not, we will have to remember that as the business grows, people expect different things from us and they expect us to be leaders. "Saintliness" is expected of the businessman. As Mr. M. R. Masani, M.P., puts it admirably in his booklet, "The Future of Free Enterprise in India" (published by Forum of Free Enterprise), as a business grows, "Trusteeship" is the function which is expected of it. It is not easy, but it is necessary to cater to the public expectations which could be summarised in one word, "Trusteeship".

The third sector is from within, viz., the work force. The most important aspect of the work force is the top management. The bottleneck of the bottle is at the top. The greatest botheration that is given to a company as it grows is by the top management, because they are unable to adapt themselves to the changing needs and demands of the situation. For instance, in a factory at Worli started 16 years back with 6 people, there are today 600 people. But even today, the Managing Director is opening mail. Perhaps something went wrong some day, and once bit, twice shy! But that is no reason why things should be expected to go wrong always. The job can as well be done by lesser men. Again, when a company is very small, many managers manage by shouting. Obviously, shouting cannot be done as the business grows. Such things call for a lot of adjustment on the part of the top management.

It is said that companies grow as men grow. Unfortunately, as the business grows the men do not grow in maturity and the business suffers. For

tackling problems, it is important to realise that there are problems and then pursue them with organisation, delegation, control and planning.

Another problem is of middle management. Very often, clerks become departmental managers. They naturally get a change in their salaries, but they do not change their thinking; they think always of the past and not in terms of the future. Tomorrow's competition will have to be won today. Any manager will have to think more in terms of tomorrow than of yesterday. Many managers are trying to solve today's problems with yesterday's tools. There is need for readjustment. Sometimes, people are taken from outside. Oftentimes, it becomes necessary. They come into the department but do not think in terms of the whole company. Departmental fights are a common feature. It is a costly game. This shows that people are not inducted properly and there are no management objectives. The top management has not grown and, naturally, the middle management cannot grow. They cannot grow overnight but will have to be grown over a period of time.

When a company grows, it is quite likely that there will be many workers who having worked with the proprietors are now Managing Directors. But, as a result of the growth, the wheels of communication either get clogged or parted. This creates lack of understanding. Consequently, results suffer, relations suffer and above all, reputation suffers. When reputation suffers, it becomes dangerous. Reputation is a vital aspect of a growing company.

When a company grows, it is important to remember the Social environment in which it operates and to regulate its affairs according to what the public expect of the company. It is found that the public become rather exacting when a business grows, perhaps because people become impersonal or because people become organised. But the fact remains that when a business grows either as a single unit or as a group of companies, it is necessary to remember the social responsibility.

Machines are good in a business for improving productivity. They can do the job of many men. But it is important to remember that in a democracy, the power of the vote is with the men and, even in introducing new machinery and techniques, it is necessary to carry the workers with the new ideas. As the business grows, we should be more interested not so much in retaining our business, but in retaining business as a system. A well known business leader rightly said:

"It requires in particular that we so manage to root our decisions and the actions of the enterprises we are responsible for in-

"The principles of liberty, not the principles of compulsion;

"The principles of reason, not the principles of force;

"The principles of leadership by objective goals and by integration of voluntary efforts

into cooperative teamwork, rather than leadership by command of fear:

"The principles of morality, not the principles of materialism:

"The principles of religion, not the principles of atheism."

"And finally that management and the business enterprise be rooted in the deep belief that however complex society and its social relationships may become, the natural rights of the individual as a person, including the right to acquire and hold property, are of a different order of priority than the rights of society.

He adds: "Perhaps you are surprised that a hard-headed businessman like myself defines management in terms of morality. Perhaps—I trust not—you may say to yourself that these are the things one is expected to say in a speech, but they can be forgotten when one returns to his daily work. Let me therefore stress that it is precisely because I am a hard-headed businessman that I lay the foundations of management on moral values. My working life has paralleled the great industrial revolution in the United States; it has paralleled the growth of my own company. Looking back on this past half century, I see above all that it is the moral values, the moral foundations, that are hard-headed and practical. Leadership on any other basis misleads and ruins." (H.W. Prentis Jr., Past President of National Association of manufacturers.)

As a business grows, we have to join hands with others in preserving business as a way of life, competitive enterprise as a way of life. Not because it means our perpetuation but because it means higher standard of living for our countrymen.

To educate our countrymen on the place of competitive enterprise, perhaps we may set up a body akin to the Institute of Public Affairs in Australia and make available facts to the public.

Many businesses have grown and are growing in a non-organised way. They would do well to set their houses in order well and quick. It is an onerous responsibility but discharging it will be richly rewarding.

To summarise:

- i) Growth is the very nature of business: quantitative and qualitative
- ii) It is necessary for the proprietor to rise to the status of a leader
- iii) People make business; no people-no business

It is important, in the light of these facts, that non-organised growth of man companies should be put in order in quick time for the good of the free enterprise system as well as their own good.

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