

# THE HINDU Business Line

## Mahindra group reaches '360-degree credibility'

*Communicating with investors is easier now, says Anand Mahindra.*

*"It has taken us a long while because it takes time to build a critical mass for the businesses and markets are not always in our favour. There is a sense of a commitment now having been fulfilled with Club Mahindra." — Mr Anand Mahindra, Vice-Chairman and MD*



### **Murali Gopalan**

Mumbai, Sept. 2 Mr Anand Mahindra believes that the real difference in his group today lies in the fact that it has reached a critical mass of credibility.

"In my view, it is a 360-degree credibility: with our people, employees, future recruits in the executive management market and financial investors. It becomes easier to communicate to your own people and to the financial markets," the Vice-Chairman and Managing Director of Mahindra & Mahindra, told *Business Line*.

This, according to him, is what is very exciting in the group. "

With this advantage, of course, comes a burden that you have to succeed, failing which you let people down and your credibility down too."

The journey, which began in 1994, has not been easy. This was the time when M&M created the sector structure for different businesses.

There was a great amount of scepticism within people (about these businesses) as the commonly held view was that no diversified conglomerate would do well. "From my point of view, we were not creating a conglomerate but a federation of companies. A conglomerate is a variety of businesses within the same corporate legal entity. What we are, in reality, are independently-listed companies with autonomous management in a group," Mr Mahindra said.

There was scepticism about the success potential in unrelated businesses and the recent Club Mahindra IPO finally proved that the model can be successful.

"We had made a promise in 1994 that we would list the flagships of each sector and provide financial focus to investors who liked to put money in an independent flagship. It has taken us a long while because it takes time to build a critical mass for the businesses and markets are not always in our favour. There is a sense of a commitment now having been fulfilled with Club Mahindra," Mr Mahindra said.

Every other sector with the group is listed, be it Mahindra Life Spaces, Tech Mahindra or Mahindra Finance. The ones that are not are the newer ones starting off now, but fortunately the scepticism does not exist.

"This is because people have seen that we have succeeded across the spectrum of businesses using the model of strong, guided autonomy. They also know that we will be true to our word and once there is a critical mass, we will list and share the gains we have made with the market and investors," he said.

Today, Club Mahindra has become the benchmark for younger entities such as Mahindra Retail in terms of business potential, except that the targets may have to be met in half the time because the world is a different place.

The "federation of companies" approach has also ensured that the right leaders are in place, which gives people like Mr Mahindra more time to focus on businesses that are nascent and need more attention.

"In my view, the intuitive approach is that if you have a business which is mature and has been around for a while under a competent management and leadership that knows the business, by definition you can afford to leave it alone. It is also consonant with our group's philosophy of empowerment; the more successful you are, the more empowered you are. Success not only breeds reward and recognition but it also breeds more empowerment," he said.

According to Mr Mahindra, the group also lays a lot of emphasis in communicating its core values to new employees.

"We have a little presentation for them where we liken the group to a house. We describe it with visual metaphors in terms of that this is a house with four Greek Corinthian pillars in front which are the sectors and I describe the rooms inside. The kitchen is like a common back-office for everybody and there is always a spiritual (puja) room which epitomises our core values," he added.