

The Lock That Opened an Empire

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Ardeshir Godrej joined the bar at Zanzibar in 1889 to practice law, where he soon found out that to win he was obliged to commit a sin. So he said enough's is enough. He quit law looked for work and he returned to India. He Started making instruments of surgery, the technology was good, but the unseen hand of the British saw to it there was no demand for his products, so, much for British protectionism. But the indefatigable entrepreneur cast his eyes on the lowly locks. British and American manufacturers dominated the market but there was a flaw in their products, their springs used to not work, and the levers, often gave way. Borrowing money he began making anchor locks, which didn't have springs. They were a success in the market. Exposing chink in the foreign made safes, which rendered them unreliable, he started manufacturing safes; He patented the door frame, double plate doors, and lock case, and sold the safes at half the price of foreign brands. Even the Queen, while on a tour of India in 1912, availed of the services of a Godrej safe.

The Renaissance spirit of Ardeshir, then went on to conquer new realms and set up manufacturing of soap with vegetable oil, in consideration of Hindu sentiments. His soaps secured celebrating endorsements from the likes of Rabindranath Tagore, Dr Annie Besant and C Rajagopalachari. In spite of due favor to the British business interests, the Godrej products held their own against multinationals. The year Ardeshir died in 1936, Godrej and Boyce and Godrej soaps posted revenues of Rs. 12 lakh and Rs.6 lakh respectively.

Ardeshir's younger brother Pirojsha took over and consolidated rather than expanding into new areas. By independence, the Group's revenue had grown five times to Rs. 90 lakh.

In 1948, the company secured permission to construct its first manufacturing plant on a huge piece of land in Vikhroli, Mumbai. When it manufactured first, it was not locks or safes, but secure ballot boxes for independent India's first elections in 1952. Godrej diversified into making typewriters in 1953 almost indigenously. At the congress session at Avadi, in Madras, Jawaharlal Nehru stooped over a Godrej typewriter to tip-tap a few words, signaling India's success in industrialization. Pirojsha then ventured into making refrigerators in 1958 which came with a price tag of Rs. 1,885/-. Pirojsha got his three sons sohrabji to look into overall marketing of Godrej products, Burjorji to look after soaps, and Naval to look into typewriters, refrigerators and hi-tech electronics.

The 1960s was a decade of two wars, a drought, and rampant inflation. During this time Burjorji's son Adi Godrej took over the soaps business, which then had a turnover of Rs.2.43 crore. It was a time when the group gained global footprint. After a couple of false starts it secured a foothold in Malaysian and later in Singapore. By the 1970s exports to Western Europe picked up.

Pirojsha passed away in 1972, by then, the third generation of the Godrej family was in the saddle, with Naval's son Jamshyd heading the steel business, while Adi took Godrej soaps to new heights.

By 1975, the group's exports touched Rs. 22 crore. Inspired by Japanese Processes, it introduced the Godrej Management System, to improve productivity and reduce inventories.

The dawn of the 1980s was marked by fierce competition with Hindustan Lever in the soaps segment. So a male protagonist was used to promote a soap brand, recalls adman Sam Balsara, who handled the Cinthol account. The campaign in 1985 featured Vinod Khanna on horseback and, later, Imran Khan. Both proved phenomenal hits.

With the economic reforms sweeping in 1991, Godrej was poised to take off. In the 25 years since 1991, the Group has grown into a \$ 4.5 billion (Rs.30,000 crore) Conglomerate, with an impressive global footprint. These 25 years has also seen the Group experiment, unsuccessfully, with joint ventures with GE, P& G, Sara Lee, Pillsbury and Hersey. With the economic crisis of 2008 due to global financial crisis, the Group now into its fourth generation leadership under Adi's daughter Tanya Dubash, underwent a rebranding exercise to extend the brand appeal to young customers.

The Group plans to stick to its growth target, growing both organically and through acquisitions. Industry analysts feel the Group will deliver. "They walk the talk", says Nilesh Shah, Managing Director, Kotak Mutual Fund.

It's been 119 years since Ardeshir the Low-profile Parsi gentleman, implanted the Godrej flag in the land that adopted his Godrej tribe (from which the family name derives) that fled from Iran. In this time the Godrej Group has established itself not only as an entrepreneurial success, but as a business that runs on strong ethical foundations.

Questions for class room discussion.

Q 1. How was the foundation laid down for the Godrej Empire?

Q 2. Critically analyze the crisis in its different times of growth and how they overcame it ?

Q 3. Who were the key persons who revitalized the Group at different times and talk about their leadership styles?

Q 4. How the Group responded to globalization?

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<https://www.thehindubusinessline.com/todays-paper/tp-news/as-safe-as-godrej/article9000219.ece>