

The shoulders of giants

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June 2018



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Introduction

Many of us have read those books, the ones that are often recommended to the budding MBA candidate about how to grow a successful and sustainable business. Readers should beware, my short paper is never likely to make it into the top 10 MBA “must read” list. Rather this paper draws on my own personal life experiences and specifically those of my parents who, like many, arrived as immigrants to the U.K. from India in the 1970s in search of a better life.

In the last few years, I have been given the opportunity to play a key part in growing something small into a business of scale. Whilst an amazing opportunity for me, it is of course a terrifying prospect. I have spent many a night staring at my ceiling thinking about strategy, thinking about everything that might go wrong, thinking about the internal politics, the personal risk, the opportunity cost and so on. More recently, I have tried to filter such feelings of anxiety and worry by thinking more deeply about the experiences of my parents. The experiences of growing a business in an unknown land, with no money and an inability to speak the local language. This is where I realised that everything I needed to know about growing a business could be drawn from my parents and their strategy in successfully growing a convenience store.

In this paper, I have drawn out some of the foundational pillars of my parents’ strategy. I strongly believe that each of these pillars, whilst most simple at their core, should apply in formulating any strategy for creating a successful and sustainable business.

Background: Off the boat

My parents finally arrived in inner-city South London in 1975 having spent many of their early years in India but also having lived in Uganda and Tanzania respectively. It was a long and arduous journey but they had finally reached where they wanted to be with a very young daughter (my oldest sister). They arrived with little or no assets or money but full of hopes and dreams. After several years of living in temporary accommodation with family and friends and doing gruelling factory type work for seven days per week, they managed to save a very small pot. They used this small pot, with some help from the bank and some family members, to buy a small store with an apartment above it in a location they could afford – a location where the immigrant population was near zero and crime was high. This was to become my home for 21 years.

My parents owned and ran the business for nearly 35 years and during that time, our family grew to include my three older sisters and me. We had very little during this time in terms of material possessions, however, my sisters and I were given everything we could ever want. Despite the struggles and challenges, it was unquestionably a happy time. It was the period during which I believe I learnt most of the things which I hope will help me be successful in business in the modern day financial services world. In the rest of this short paper, I set out the foundational pillars of my parents’ successful strategy and what I believe can be learnt from their approach.

What does success mean?

I was recently at a barbeque hosted by my wife's uncle. Similar to my parents, my wife's uncle and his wealth of friends (all in attendance at this barbeque!) had also immigrated to the U.K. in the 1970s. It was a fairly lavish affair hosted in his football pitch sized back garden overlooking the natural spring which just so happened to pass through the back-end of his garden. I spent the afternoon talking to many of my wife's uncle's friends and was astonished at the extent of their success. It was particularly surreal when the next generation of British Indians (i.e. my generation) arrived at the barbeque in their Aston Martins, Lamborghinis and Maseratis which their parents had worked hard to help them buy.

It was then when I bumped into "Uncle P". It had been nearly 15 years since I last saw Uncle P – he was a friend of my father's who had also owned a local convenience store on the same street as ours. It was naturally great to see him and to talk about old times. Just when we were mid-flow he said something which resonated with me. He said, "Mital, your dad's shop didn't do too well really." I was obviously taken aback and asked him why he thought so. "It's because there was no grey area with your dad Mital – it was always either black or white. Your dad was too stuck on always doing the right thing and that was never going to work when the big supermarkets moved in to our street." I didn't explore exactly what "grey areas" Uncle P was referring to but given this was predominantly a cash in hand type business, I could imagine the types of "grey area" he was talking about. I told Uncle P that my father would probably say he did just fine and we continued to reminisce about old times.

This interaction with Uncle P got me thinking about the meaning of success so I told my father about it. His response was rather surprising. My father insisted that our business had been just as successful despite the fact that Uncle P had grown his one convenience store into an empire of convenience stores, commercial properties and even a large printing factory. I was naturally intrigued by my father's response at the time, however, on reflection he was of course right. My parent's definition of success was simply different to Uncle P's. They did not see success as growing their one local convenience store into an empire of stores generating enormous profits to fund the purchase of lavish houses and cars for me and my sisters. Their definition of success was much simpler – they saw success as ensuring the convenience store could give my sisters and I the education and opportunities they were never given.

On reflection, I believe that any successful and sustainable business must be clear on its definition of success at the outset, whether that be geographical growth, diversification into new areas, or steady and stable profits. Whilst the definition of one's success from a business perspective might naturally evolve over time, at its core, the fundamental meaning of success must be clear for any business from the very start and importantly, we must remind ourselves continually about what success means at an individual and collective level. Uncle P's success has been unequivocal – but my parent's would argue that theirs has too (and I'm obviously eternally grateful for that success).

Purpose and vision

My parent's success was driven by an absolute dedication to their core purpose and vision. Everything they did was for the good of that long-term vision to ensure their children were given all the opportunities my parents could only dream of. This vision drove all of their actions and behaviours even where these actions were terribly difficult at the time. The most pertinent example of this commitment to their long-term vision manifested itself in their sheer resilience in continuing to trade for 35 years in the face of so many difficult challenges including:

- The constant fear of crime when you station a cash-based business in a part of South London with deep-rooted social problems including raging unemployment, racial tensions and a severe general lack of investment from local government;
- An enormously competitive and price sensitive market with around five other local convenience stores based within walking distance of each other and a growing trend of large “one-stop” supermarkets moving in to the inner city areas;
- Language barriers and a local community who struggled to accept “outsiders” not out of any malice but simply because they knew of nothing outside of what they had grown up experiencing in this small South London town.

I recently asked my mother about why they didn't simply close the store in the face of the challenges they faced. She said: “Have you and your sisters all got good jobs now?” At the time I took her response to be somewhat “cold” but, having considered it further, it was nothing more than her dedication to her vision.

Reflecting further on what I remember of the challenges my parents and others like them faced as immigrants to the U.K., especially in the early days, I realised the importance of vision. In my job today, I find myself losing sight of the vision we have for the line of business we've been given the remit to grow. I also question whether we have complete clarity on our vision or indeed whether we must pause, reflect and revisit it to avoid the risk of long-term failure. The vision my parents had was obviously very different to the vision my colleagues and I have for growing a successful outsourcing business. However, I strongly believe that an unshakeable commitment to a simple vision is the key to success for any business. It is this which I believe forms one of the foundational pillars for growing a successful and sustainable business and one which can often get lost in the continual day-to-day rush of running a business.

Embrace failure as a step towards eventual success

I am of the view that businesses are often hamstrung by a chronic fear of failure. Whilst I'm not advocating reckless risk taking, “bending the rules” or a lack of governance, I think that a business can only truly be successful if it celebrates failure as an opportunity to learn and evolve and encourages its people to try even if they risk failure. As mentioned earlier, my parents arrived in the U.K. with virtually no assets and worked exceptionally hard to build a small pot to help them buy their business (and home!). They of course had much to lose were their business to fail, however, they were committed to their vision and prepared to fail. The sheer fear of failure might have stopped my father from extending lines of credit to the local community. None of our competitors could ever conceive of a scenario where they'd be prepared to extend credit to the community within which we all lived. It was simply seen as a risk not worth taking given the deep-rooted social problems.

My parents decided that it was the right thing to do to selectively extend credit lines to certain members of our community. They recognised the risk given everything that was going on in the town and the fact that we were outsiders. They recognised the importance of cashflow to a business such as this and hence also recognised the implications if the risk were to crystallise. They proceeded nevertheless with no precedents amongst competitor stores. Talk quickly spread across the town and unsurprisingly, the risk quickly crystallised. My father had been extending credit to a particular group of families and an extensive amount of it – these families simply took advantage and my father failed to keep track of the credit lines. Cashflow problems quickly arose and my parents questioned their decision. Despite the fear of continued abuse of the credit facility, they decided it was the right thing to

do and continued to offer it up. They introduced some simple policies whereby credit would not be offered for either cigarettes or alcoholic beverages and a policy that the credit would be offered on an interest free basis. The latter in particular was of course a significant risk.

The decision to pursue the credit facility was a pivotal one for my parents. My parents had realised in the early days that the community was struggling to the extent that the people could not afford the most basic of goods. However, they realised that this was not simply because they never could afford the goods, but rather because there was a general lack of acumen in managing personal finances that led to them running out of money before the next pay day. The decision to offer the credit facility quickly endeared us to the local people and the initial teething issues eventually dissipated. It was effectively a “win-win” for our business and the local community. Whilst competitors largely waited to see how my parents’ approach would play out, most soon decided to implement a similar facility. However, there was no doubt that my father’s willingness to take a risk on the local people simply paid off through the community becoming more accepting of us as outsiders.

I believe that a successful business must encourage calculated risk taking and that failure is more often than not a good thing for a business. In my current role, I often find myself questioning certain growth strategies out of the fear of what might happen if it were to fail. Most recently, we failed in the pursuit of a potentially transformational deal, however, we took lessons from the process and have changed how we go about pursuing deals in our pipeline. I am of the view therefore that the willingness to fail, learn and evolve is a foundational pillar of any successful growth strategy.

Customers first

At the risk of being accused of playing “buzzword bingo”, a business which is customer centric must, in my view, have a significantly higher probability of growing successfully and in a sustainable way than a business which is not. Financial services and insurance in particular is widely criticised by the media for its lack of focus on the customer and an undue focus on shareholders and profits. Whilst I believe this criticism is generally overplayed, I do think we often lose focus on our customers. This is an area where I felt my parents struck an excellent balance.

The purpose of our convenience store was to provide the local community with the convenience of being able to do their shopping quickly and cost effectively. My mother and father recognised they were serving the community and hence recognised the importance of building and retaining a loyal customer base. Whilst the credit facility mentioned earlier was a particularly customer friendly tool my father deployed, I recall a particular time when my father’s actions left me bemused as an 11 year old who had no idea about the importance of customer loyalty. It was 7am on a Sunday and I was helping my father in the shop that morning. The Sunday newspaper supply hadn’t arrived and my mother was in a panic as our regular customers would always come in early on a Sunday to buy a specific paper whilst picking up other small items for their day ahead. There was only one local store that had received its newspaper supply that morning but it was the one store which contained a local Post Office and hence could afford to sell its newspapers at markedly higher prices than would otherwise be possible.

My father gave me a £20 note and sent me to effectively buy almost every newspaper in the other local store. I did exactly that and returned with our normal supply. I stocked the shelves and watched in horror as my father sold the same newspapers to his regular customers for far less than the £20 he had given me. It was of course simply the fact that he was prepared to make a small loss in order to

ensure his customers were satisfied and retained. He had gone above and beyond for his customers and in the meantime, saved them the one mile journey down the road to the Post Office. It was of course an example of his absolute dedication to ensuring that his customers always came first.

This is of course stating the obvious, but a foundational pillar of any growth strategy must be that it is customer centric. Customer needs must be a foundational component of any successful growth strategy. Despite that, I have found that it is often an area that can be forgotten when we think about growing a business. There can be a tendency to focus undue attention on what we must do to be successful, to keep our shareholders happy and to ensure we have our vision in mind at all times, but to spend insufficient time considering our customer's needs. A strategy which links customer needs to our vision and definitions of success must therefore naturally be those most likely to succeed in the long term.

Surround yourself with a core of those you trust

The most successful business leaders have not tended to be those who society might consider the most talented or intelligent people. I believe that the most successful have tended to be those who recognise their own deficiencies and build a group around them who they trust unquestionably and who compensate for those deficiencies and weaknesses. They are able to make that core trusted group believe and buy into their vision and give those individuals a purpose. In my view, ultimately, this sense of purpose filters down through the workforce of any successful business.

My parents could not support any staff as the business was simply not of a scale where the salary costs of employed staff could be supported. However, my parents were intelligent enough to recognise that they needed help to ensure their business would be successful in the long-term. They took several actions to procure this help to address a number of areas where they simply did not have the skills or know-how.

Firstly, there was the issue of crime. In the early years, the number of robberies, thefts and assaults were very high with a number of incidents resulting in significant financial loss and serious injuries to my parents. The crime was widespread amongst other local stores and CCTV security was at an early stage and prohibitively expensive. So, my father recognised that he could not sustain the business without addressing the issue of crime. He recognised that he and my mother could not defend themselves without risking serious injury and with four young children that was a risk they could not accept. He took the action of bringing in a new family member for security reasons – Ronson. Ronson was a highly trained police dog who would become a key member of the team. It was extremely challenging for us to integrate him fully into the family, however, it was a stroke of genius from my father. From the day Ronson stationed himself in the shop, the level of crime reduced dramatically. He was a significant investment at that time but allowed my parents to operate the business safely in an insecure environment.

In addition to Ronson, my parents were tactical in how they extended credit lines. Unsurprisingly, in a town such as ours at the time, there were some individuals who were generally more influential than others over the community as a whole. My father ensured that these individuals (often the older members of local families with particularly troubled children) were retained as "VIP" customers with a slightly more extensive credit facility in return for a general promise that our business would not be subjected to any low-level crime. Whilst my father would naturally have preferred to not have to take

such action, it was a necessary evil and one which proved exceptionally successful in stabilising the business and ensuring the safety of all who worked in it (including me!).

As well addressing the security issue, my parents recognised their general deficiencies with respect to the day-to-day financial management of a cashflow focused business such as ours. They connected with the network of other Indian immigrants who had also chosen to start convenience store businesses and began to familiarise themselves with the financial management aspects, seeking advice from those who had faced similar challenges and successfully overcome them. My father was connected by a friend to a member of the Indian community who was a chartered accountant and who had supported several start up convenience stores over his years. His support proved invaluable in the early years in particular as my parents slowly learnt the day-to-day operational and financial matters which were most critical to the long-term success of the business.

In my view, the importance of surrounding yourself with a small core of trusted advisors and colleagues is of paramount importance in growing a business. My parents had little or no business management skills and had not been through any form of higher education. Nevertheless, by building that core group of people (and a dog!) around them who they could trust and who understood and bought into the vision, they were able to grow and sustain a successful small business.

Sometimes it's just all about hard graft

Sometimes, it can simply be a lot of hard work which makes the difference and nothing more. It's not innovation, clever financial management, frameworks or efficient operating models – sometimes, it just comes down to working really hard.

When I reflect on my early years in the convenience store, I often find myself wondering whether I could ever work like my parents did. There is of course the reality that they simply had no choice but to work as hard as they did, however, that work ethic is something which I believe was ultimately the foundational base for their success. I remember that the afternoon of Christmas Day was the only day in a year where my parents would close the shop early – not even Diwali (the Hindu festival of light) was deemed important enough to warrant a day off. The business (and the vision specifically) had to take priority.

For almost 35 years, my mother and father ran the convenience store opening every morning at 6am and closing at 8.30pm for seven days per week. Whilst these were the opening times, in addition, my father would often need to drive across London for fresh fruit and vegetables when the markets opened at 4am. The lifestyle (or lack of!) was gruelling and naturally took its toll but, like many of the Indian immigrants who came to the U.K. in that period, it was simply something they felt they had to do for the good of the next generation. I cannot recall one moment during my time living above the store where my parents complained about just how hard they had to work. When I find myself falling into a downward spiral of negativity feeling sorry for myself for the hours I'm pulling in my job, I try to remember my parents and their approach. Their hard work was their gift to me and my sisters and for that, we are of course forever grateful. It has taught me that even with all the talent in the world, nothing is possible in business without hard work.

Summary

My mother and father have taught me everything I need to know about growing a successful business. The foundational pillars of their strategy set out in this paper are equally applicable to all types of businesses in my view and their beauty is in their simplicity. In my approach to date in the role I have been given the opportunity to fulfil, I can relate to these foundational pillars and importantly, I can already see where my approach has waned relative to them. They have given me a reference point and a very simple framework which has allowed me to hone my thinking and interestingly, all of this was available to me through my own life experiences. Sometimes, we have a tendency to rely on textbook information and management consultant frameworks to help us think about growth strategies. Whilst these undoubtedly have their place, it is often these personal experiences from which we can learn the most.

To conclude, I would like to confess that I have a dual purpose for choosing the topic of this paper. As well as giving my views on the foundational pillars of any growth strategy, this paper has allowed me the opportunity to thank my parents (and implicitly, the many immigrants like them who came to the U.K.) for their commitment to their vision and the sacrifices they ultimately made for me and many others like me. My main hope is that I can be even remotely as successful as them one day.

For now, we stand on the shoulders of giants and hope we can learn and progress in the way we know they wanted us to.