

Lessons of Entrepreneurship from the Success of Dhirubhai Ambani

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Abstract - Dhirubhai Ambani rose from a 10 pass out to start one of the biggest entrepreneurial success of modern India, to lead India biggest Private enterprises within 2 decade of starting. People trusted Dhirubhai so much that they said he had the Midas touch and that he could convert anything to profitable ventures. His methods of identifying an opportunity, developing the concept, identifying resources, manage resources and achieve success are still contemplated. The study is a post facto research to go back to the learnings of entrepreneurship from Dhirubhais point of view, to find if same are still valid in today's modern India of start-ups.

Index Terms - Ambani, Entrepreneurship, beliefs.

INTRODUCTION

Shri Dhirubhai Ambani was one of the most successful entrepreneurs of India. His rise in Indian Industry was phenomenal and much of entrepreneurship spirit is still seen in his enterprises under Reliance Industries Ltd under his son Shri Mukesh Ambani. He started his entrepreneur journey with an investment of Rs.15000 (300 USD) in 1958 as an initial investment and with his hard work turned it around to create a multibillion-dollar Reliance Group of Industries with interests in textiles, petrochemicals, energy and telecommunications. Asset value of Reliance Group of Industries was over 60 billion dollars with annual profits of over 45 billion dollars (in 2003). His success graph was phenomenal as given below:

- 1996, 1998 and 2000– He was featured among Power 50-the most powerful people in Asia by Asia week magazine.
- June 1998 – was awarded the "Dean's Medal" by The Wharton School, University of Pennsylvania, for setting an outstanding example of leadership.

Dhirubhai Ambani was the first Indian to receive the Dean's Medal.

- November 2000– He was conferred Man of the Century award by Chemtech Foundation and Chemical Engineering World in recognition of his outstanding contribution to the growth and development of the chemical industry in India.
- August 2001 – He was awarded Economic Times Awards for Corporate Excellence for Lifetime Achievement.
- Dhirubhai Ambani was named the "Man of 20th Century" by the Federation of Indian Chambers of Commerce and Industry (FICCI).
- The Govt. of India, India post released a postal stamp featuring Dhirubhai Ambani on 28 December 2002.
- October 2011- was posthumously awarded the ABLF Global Asian Award at the Asian Business Leadership Forum Awards.
- January 2016- He was posthumously awarded the Padma Vibhushan, the country's second highest civilian

OBJECTIVE OF THE STUDY

1. This study is to find out the methods and secrets of entrepreneurship Spirit of Dhirubhai Ambani.
2. Why the lessons learnt from Dhirubhai Ambani are still valid?

RESEARCH METHODOLOGY

The study is a post facto research based on secondary data sources on the subject and based on his bibliography.

ENTREPRENEURSHIP

The word entrepreneurship which means to do something has been changing over a period of time. Meaning of the word 'entrepreneur' was transformed from "manager of the public musical company" to "innovative & creative", "risk manager", "venture creator", "Dynamo of economic system", "resource manager". Entrepreneurship is the ability to create and build something new from practically nothing. It is a knack of sensing opportunity where others see chaos, contradiction, and confusion. It is an attitude of mind to seek opportunities, take calculated risks and derive benefits by setting up a venture. It comprises of numerous activities involved in conception, creation and running an enterprise.

SUCCESS STORY

The Success story of Dhirubhai can be split into two portions the Initial period and the Period post starting his enterprise.

Initial Success: He came from Modh Bania Community from Chorwad, Junagadh district, Gujarat. He had passed 10th Std., he joined the protests against the Nawab of Junagarh and organized many actions against his actions to join Pakistan after independence. It was a testament to his leadership skills.

In 1948, he left for the Port of Aden to work for A. Besse and Co. along with his brother Ramnikbhai. He later came to sell shell and Burmah oil products for the company. There is a famous story about how he once made a lot of money by melting the silver bullion and selling it as pure silver because he knew that the value of pure silver was much higher than the bullion thus was a precursor to his financial wizardry and acumen. He left Aden in 1958 to try his hand at his own business in India in the textiles market.

Post starting his enterprise: Ambani returned to India and started "Majin" in partnership with Chambaklall Damani, his second cousin who lived with him in Yemen. Majin was to import polyester yarn and export spices to Yemen.

The first office of the Reliance Commercial Corporation was set up at the Narsinatha Street in Masjid Bunder. It was a 350 sq ft (33 m²) room with a telephone, one table and three chairs. In 1966 he formed Reliance Commercial Corporation which later became Reliance Industries on 08 May 1973.

He launched the brand 'Vimal' during this time which sold polyester materials for saris, shawls, suits and

dressess. Dhirubhai Ambani was a dynamic entrepreneur who started with an investment of Rs.15000 (300 USD) as an initial investment and turned it around to create a multibillion-dollar Reliance Group of Industries with interests in textiles, petrochemicals, energy and telecommunications.

ENTREPRENEUR BELIEFS OF DHIRUBHAI

Some of the most important beliefs on entrepreneur beliefs Dhirubhai had are as follows:

1. As per him there are three type of people in world, 1st the entrepreneur type who would like to make any business venture successful, 2nd the employee type, people who do not want to take risk but work for some other, 3rd the employee-with entrepreneur type, people who working for some other persons are innovative in working out a way for business.
2. In life people move in orbits, i.e. employee type to entrepreneur type. One has to take risk from moving from employee type to entrepreneur type. People consciously remain in lower orbits and yet blame destiny for not allowing them to progress. (Zen philosophy)
3. The mark of an entrepreneur is that he first sets up a system of generating wealth from business, then empowers it to work independently.
4. People transform only when they are put on pressure and heat, like water becomes gas when heated only, otherwise it remains liquid only.
5. If we focus in life on trivial issues, we lose out on big issues in life. Do not let trivial issues distract in business.
6. Think about the scaling up and think big approach in business. The business will succeed only if it had GATE (Gigantism, Aggression, Trust, and Efficiency). When Dirubhai started his factory, he went for getting technology from the best suppliers, when all manufacturers in India were using outdated Indian machinery. He brought DuPont technology to make polyester yarn and made one of the biggest yarns making factories in world.
7. His philosophy was to think big, think fast and think ahead, he had with him highly talented people, who were paid for only sensing opportunities in business, with notice to inform of all opportunities of business, every talent

- shouldn't go unnoticed as talent lost is opportunity lost.
8. Growth in life will happen only when one moves from safe zone to encounter zone. If you are not taking any risks, then you are taking the biggest risk.
 9. Speedy execution matters more than cost saving in a company. His plants required some spares once from Germany, they came by air and there was a transport strike in Mumbai. He was so fast in execution of his plant that he bought several trucks from truck manufacturers and got drivers to make his plant the spares.
 10. At times people don't perform when they have options, they perform when there is no options. Dhirubhai took orders of entering ventures no one could dare at his times like taking a huge order for organic manure from a Gulf buyer, he motivate the unemployed youths to collect the cow dung in city and he would pay for same to get it executed in time.
 11. Trust is very important in business, once it is lost, one can lose business. Dhirubhai never made false promises, when he made profits, he would share it with his lenders and when he went in loss, he would take the loss on himself. Once some traders opposing him started rumours that he had become bankrupt when he had gone abroad. On returning he called a board asking all the lenders to take told them that all this had been circulated by his opposers, anyone wanting his money back was most welcome to take back his money. His this words arrested the slide of trust and brought back the trust in his business.
 12. Identifying opportunity: In all the ventures made by him, he would sense on opportunity, His Company Reliance Commercial Corporation dealt in the trade and export of spices and fabrics, he then took risk seeing the opportunity to expand his business.
 13. Developing the concept: After having traded in the fabric business for years Dhirubhai sensed an opportunity in the textile industry to have high disposable incomes which encouraged Indians to buy better and expensive clothes, Ambani sought and received the necessary clearances to manufacture cloth from polyester fibre (Tripathi, 2004, p 418).
 14. Determine the required resources: Dhirubhai knew he wanted people who would be trustworthy and hardworking. He had to recruit and so he spread the word around that he was looking for all his friends who worked with him during the early ages of his employment in Besse & Company in Aden (McDonald, 1999, p28). Most of his networking came useful and he managed to employ as much as 20 people for his factory. All these were his friends and people he knew would help him grow.
 15. Acquire the necessary resources: Dhirubhai had his product, place and people ready. He had acquired the land and hired the people on trust basis. He treated them like family and so there was a very cordial relationship that existed. Dhirubhai took extensive loans amounting to 1.5 million rupees from banks to start of his factory and buy the machines and yarns he required (McDonald, 1999, p32). He impressed the banks with the quality of machines he ordered and the market knowledge he possessed.
 16. Implement and manage: First year of the business was very hard for him. The fabric manufactured was not selling in the markets. Dhirubhai was determined to sell. All the people use to work at mill from morning 7 to 3 in the afternoon and then in the evening tour the local markets, trying to convince the shopkeepers to stock the fabrics of Reliance (Thakurta, 2003). All the money they made at the end of first year was ploughed back into the business for expansion. Since the retailers and whole sellers who were loyal to old market were opposed to his new entry in market and were not ready to buy, he uses to roam around in the market with his fabric himself take orders and give deliveries. To overcome the opposition, he started his own company showrooms of Only Vimal. Later seeing the quality and good rates he offered, and profits assured to traders he got the trust from the market.
 17. Harvest from venture by gain trust: In October that year he decided to raise funds not from banks and financial institutions but from the public. Reliance launched its IPO and was listed at the Bombay Stock exchange in 1978 (McDonald, 1999, p 41). Dhirubhai brought the equity cult in the country. Dhirubhai appealed to the local people that each shareholder would grow as

Reliance grew and people had the faith in him (Dhirubhai Ambani: in memoriam, 2003). Between 1980-1985 the number of shareholders increased from one million to about four million most of which were the middle-class people (Tripathi, 2004, p 420).

18. His mantra was to do be the best in quality and resource's use, with this he set up the Reliance petrochemical complex at Jamnagar, so that their work becomes a benchmark for the industry. In 1975 when World Bank research team visited, they went to see only the Jamnagar refinery to see it as being of global standards of quality.
19. Expanding to new horizons: Once Dhirubhai visited his village and realised he was not able make phone calls as there was no network. He asked his officers to arrange for a local connection and was informed that the villagers could not afford mobiles. He immediately thought of a new idea of venturing into to telecom sector. He had a vision that the poorest person in the country should be able to afford a mobile phone. At a time when India was only exposed to GSM connections, Dhirubhai conceived the idea of CDMA connections which would not have the handset flexibility but definitely be cheap and easy to afford for the lower income group (Tripathi, 2004, p 421).
20. World as a playground: He use to consider world as a playground where everyone wants Paisa, Power, Position and Prestige. In 1988, Reliance Industries came up against a rights issue regarding partly convertible debentures. It was rumored that the company was making all efforts to ensure that their stock prices did not slide an inch. Sensing an opportunity, The Bear Cartel, a group of stockbrokers from Calcutta, started to short sell the shares of Reliance. To counter this, a group of stockbrokers until recently referred to as "Friends of Reliance" started to buy the short sold shares of Reliance Industries on the Bombay Stock Exchange.

The Bear Cartel was acting on the belief that the Bulls would be short of cash to complete the transactions and would be ready for settlement under the "Badla" trading system operative in the Bombay Stock Exchange. The bulls kept buying and a price of ₹ 152 per share was maintained until the day of settlement.

On the day of settlement, the Bear Cartel was taken aback when the Bulls demanded a physical delivery of shares. To complete the transaction, much money was provided to the stock brokers who had bought shares of Reliance, by Dhirubhai Ambani. In the case of non-settlement, the Bulls demanded an Unbadla, or penalty sum, of ₹ 35 per share. With this, the demand increased and the shares of Reliance shot above ₹ 180 in minutes. The settlement caused an enormous uproar in the market.

To find a solution to this situation, the Bombay Stock Exchange was closed for three business days. Authorities from the Bombay Stock Exchange (BSE) intervened in the matter and brought down the "Unbadla" rate to ₹ 2 with a stipulation that the Bear Cartel had to deliver the shares within the next few days. The Bear Cartel bought shares of Reliance from the market at higher price levels and it was also learnt that Dhirubhai Ambani himself supplied those shares to the Bear Cartel and earned a healthy profit out of The Bear Cartel's adventure.

Why his Entrepreneurships spirit is still valid: Today most of new entrepreneur ventures go by the way of start-ups and the lessons learnt from Dhirubhai's beliefs and methods of success are true for them. In this VUCA world where disruptive forces often change our beliefs? For start-ups to succeed they need to scale up, fight the competition, venture in new areas unexplored of opportunity, have ideas to develop a concept by allocating resources, managing resources and harvest from ventures like the way Dhirubhai did for his ventures.

CONCLUSION

Entrepreneurship is a way of life for some people, the story and spirit of Dhirubhai Ambani motivates people to get them self to change and become an entrepreneur early in life by taking risks at correct times.

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