

Management Secret by B.K. Birla

The Birla family is one of the most successful and respected business families in India. Birlas are also representative of a type of management school which places very high premium on management of finance. The biography of Basant Kumar Birla contains quite a few lessons. Father Ghanshyam Das Birla made a one-year programme for young Basant to learn: Cash management, copying, accounting, raising bills, understanding bank statements, daily reports, daily and annual profit and loss accounts, savings and expenses, and sales. After learning theoretical principles, he was placed under two successful Marwari businessmen Murlidhar Dalmia and Sitaram Khemka where he learnt how a large complex mill could be controlled and managed through numbers.

B.K. Birla's management style (and that of Birlas and many other Marwari owned businesses) has been Management through accountancy. Basant Kumar says he knew which of his companies were well managed purely through this exercise. After this, he met the managers to listen to what was going on. The debrief of larger firms took one or two full days each month. These meetings served three purposes: They gave the managers confidence, gave him a window to their views, and the opportunity to assess their capacity, and their character.

Basant Kumar also recognized weakness of the approach. Because of limited knowledge in technical matters his contribution as owner was chiefly economic and financial. For administration and technical aspects of his businesses he relied on professionals.

He remembered patriarch G.D. Birla's advice, "Be cautious, keep your finances strong, *ijjat par koi batta nahin aave* (our honour should be unstained)."

(Adapted from article 'The lessons we can learn from Baniyas' by Aakar Patel in The Mint on Oct 25 2012)