CHAPTER 6: CASE STUDY: HERBAL BUSINESS

NA DAR OF TUTICORIN

The Nadar (also referred to as Nadan, Shanar) is a caste prevalent in Tamil Nadu and Kerala in Southern India. “NADAR” means “one who has ruled the land. They are an entrepreneurial South Indian community and constitute 12% of the population in Tamil Nadu. Historically, this community did not comprise of one single caste, but a collection of several castes and sub castes, which are now under one banner – the Nadar. Settled around the Southern districts of Tuticorin, Kanyakumari, Tirunalveli, they are also exponents of Kalaripettu (Wikipedia).

Historically, Nadar were climbers, called Palmrya climbers. Few of them were wealthy landlords and money lenders, but most of them were humble cultivators of Palmyra trees and in the Jaggery and Toddy Trade. There was also an aristocratic group called the Nelamaikkars who were the tax collectors under the Pandyan Dynasty.

Post independence, the community has engaged in the herbal business, education and floriculture entrepreneurship. Today, they are a powerful community, financially very strong and also politically influential in the Southern districts of Tamil Nadu south of the Thamibarani River and Cape Comorin. Shiv Nadar, a billionaire businessman ranked in the first 20 richest men in the Forbes magazine is an example of the “Shiv Nadir entrepreneurs”.

The community has minimal interaction with other communities, and are also divided into various sub castes and lack communal cohesion. They are a very caste conscious people (Hardgrave, 1969).

A large number of the Nadar embraced Christianity and became upwardly mobile, commercially skilled and socially aspirant. They developed their community in the field of education and relentlessly pursued the cause to develop education in their community. They also developed a cooperative bank and began developing entrepreneurship in various trades, the Tamil Nadu Mercantile Cooperative Bank is one of their ventures. Several trade businesses in the famous Ranganathan street of Chennai goes to the Nadar community.

They also started as grocery merchants and other retail trade, began acquiring wealth without showing it off to the society. Politically, the veteran congress leader Kamaraj was a Nadir, who also became the chief minister of the State. “Saravana Bhavan”, the famous chain restaurant was founded by a Nadar. Their media presence is well known through circulation of the regional newspaper “Dina Thanthi”.

The various sub castes of Karukkupattaiyathar (the climbers), the Mel-Nattars (tax collectors), the Natthathi (cultivators), Kodikal and the Kalla (palanquin bearers), have developed well as a notable community in Southern India. Through consolidation of their community, the Nadars have come a long way capturing the opportunity to trade, transforming customs to the need of the day and resorting to education and commerce for a leadership role in the political arena. (Crawford Young).
We now look at one such Family of Tuticorin who are leaders in the herbal trade and have matured into the spice trade, and considered as real time business ambassadors of Japan. They are the PSS Nadir community who have thrived since 1914 in various businesses and are known as leading quality exporters of herbal products all over the world, especially to Japan.

THE FAMILY TREE

PREMIER EXPORTER AND SUPPLIER OF A WIDE RANGE OF MEDICINAL HERBS (HERBARIUM), SPICES, DRIED FRUITS, VEGETABLE SEEDS, ESSENTIAL OILS.

PS SOMASUNDARAM NADAR (First Generation)

PS SANKARALINGA NADAR (Second Generation)

PSS KRISHNAMURHTY NADAR (Third Generation)

PSSK RAJA SANKARALINGA NADAR (Fourth Generation)

THREE DAUGHTERS (QUESTION MARK)

FIGURE 6-1: THE FAMILY TREE

The first generation began the herbal trade in 1914 and developed commercial acumen with an eye on exports through quality processes.

The second generation developed the business and added spices to their catalogue of products as they were available abundantly, and the Spice Board was not existent. They also began the Nadar affiliation in Malaysia, Singapore, Indonesia and the Phillipines.
The third generation assimilated the business in Japan and Europe. This generation had the opportunity to spread into shrimp exports, freight corridor and fisheries, but decided to concentrate in the traditional business and move into the wellness solution through herbal medicines. They also set up a sales organization all across the country and in the South East Asian countries.

They began with Alovera leaves and today have a wide variety of products, including conceptualizing and marketing the unique herbal tea. They produce around fifty products, each doing well in business terms in India and abroad. The product catalogue is provided below:

1. Alovera leaves
2. Amla dried fruits
3. Annatto seeds
4. Baccapo moneiro
5. Berberries bark
6. Cassia leaves
7. Celery seeds
8. Chillies seeds
9. Coriander seeds
10. Cumin seeds
11. Dill seeds
12. Eucalyptus leaves
13. Fennel seeds
14. Fenugreek seeds
15. Galangal roots
16. Garcinia cambogia
17. Ginger
18. Gloersia superb roots
19. Guava leaves
20. Gynemma Sylveter leaves
21. Gynemma Sylvester leaves T cut
22. Henna Leaves
23. Hydrocotyle Asiatica
24. Lobelia
25. Neem Leaves
26. Papaya leaves
27. Passipora herbs
28. Pepper
29. Phyllanthus Niruvi
30. Psyllium husks
31. Psyllium seeds
32. Salacia roots
33. Semen cassia toria
34. Senega roots
35. Senna leaves
36. Senna stems
37. Stevia leaves
38. Tribulus Terrestrius
39. Tulsi leaves
40. Turmeric
41. Vinica Rosea leaves and roots
42. Winter Green leaves
43. Withania Somifera
44. Yellow Dock root

SUSTAINING THE FAMILY BUSINESS

It is amazing to see the growth of this business and increase in the business spread in the last four generations. Today they stand at 38 crores INR turnover with exports of almost 16 crores INR. They had seamless transition after each generation. Each generation of the family had a son and at least one daughter. But the business passed hands from father to son to son. The daughters were not allowed in the business. It will be interesting to observe the current generation shift since there are no sons in the family, but only daughters.

The Family wealth transmitted seamlessly from one generation to another. The valuation of the Family Business also increased generation after generation. The business had no interference from the maternal relatives and there were no problems amongst the paternal relatives since the sons were the “only ones” in each generation thus far.

There was also a strategic shift in the business during each generation, with the first generation establishing the business, second generation bringing in the spices, the third generation consolidating exports and the fourth and present generation moving into wellness solutions. Hence, there was a large attachment to the business and great support from the family. The handholding between generations connecting each generation, getting the grandparent’s support and the father’s guidance through the business enabled smooth knowledge transfer and transition. This is the ideal state of a Family Business, where it would take some effort to reduce sustainability.

This family also enjoyed support from the community, as the community were under threat of being belittled. The community was proud of this family because they enhanced the image of the community and through their collaborative support reduced the competitive possibility.

There was also no professionalism in the enterprise as the family fully controlled the business decision making. Each generation adding a value model in their business terms reflected their commitment to the business and their resolve to make it grow. Each generation behaved like an owner-manager.

This was a typical model comparable to the 17th century business of the West, which still proliferates and perceives no threats. However, with no son in the fifth generation and not all daughters willing to get into this business, it will be a trying time to sustain the model, and manage the wealth created. There are some thoughts being shared by the current leader who plans to bring in professionalism and constitute a Family Board where the business is run after his passover by a professional, and the family keeps its wealth.
KNOWLEDGE FOR SUSTAINING THE BUSINESS

THE START UP

1. There is truth in the statement that caste and creed do not motivate a son to enter into business. In the olden days there was propriety around it.
2. The necessity to keep the business within the family and ensure it stays within the family largely dominates many generational transitions.
3. It is important to belong to a large family system and capture the initiative to sustain your presence in the family business, (belonging to the Nadar community)
4. Once inside the business, the pressure to sustain is developed, and ideas can be generated, to look at various portfolios.

The Consolidation Phase

5. One needs to look at value addition continuously to sustain the business.
6. Developing the business horizontally and vertically, to whatever degree possible would create dependence on the business generation after generation.
7. Going across geographical boundaries and ensuring quality increases motivation level for the existing members and also for the future generations.
8. Smoothness of transition between generations has a positive correlation with the number of members in the next generation.

THE GROWTH PHASE

9. It will be a tough transition, to bring professionals into a business with no family members to take over, especially since the business has been run for four generations without professionals.
10. Documentation of the business, research and development, and knowledge management systems will be required for survival and for future sustenance of the business.
11. It is important to keep the negotiation process in the Family business alive, enabling the best performer to get leadership, in a seamless manner.
12. It is important to look outside the immediate family and start the planning process to ensure continuity of the Family Business.

KNOWLEDGE CREATION AND KNOWLEDGE TRANSFER

In a session with us, there were several insights shared by the leader who even shared with us the business as it was run in the third generation and how the second generation supported and guided his father. This reflected tremendous knowledge creation and transfer through experience and education. We capture some of them below:

Quote

“I saw my grandfather and father in the mountains and gardens and the laboratories. They took me along as if they were on a trek, but were passing knowledge one at a time in a subtle manner.”
“A new product was always commissioned on a Friday and introduced to the market on Tuesday and hence these weekdays became routinely auspicious days for us. It was difficult not to see something happening on these days”.

“Not working after Saturday afternoon till Monday morning was a process of education. But several initiatives were taken on these two days in the community, the temple, meeting hall and club reflecting the preparations for the week”.

“I was surprised to see that I was touring many cities, many countries and going to many homes with a view to understand the culture” But I realize now that it was to make me very comfortable to do business in a natural way with them, which I never realized then.

“...I never understood “Diary Time” concept from 8 to 9 pm in the night every day where my grandfather, father, were at the table writing what happened during the day and I also had to write what I had done for the day. Those diaries are knowledge management centres for me today.”

“What I have gone through in my life, my daughters could not because their grandfather passed away in an accident, but I still do the same and I feel that it was a solid apprenticeship exercise conceived by my forefathers.

My father was never annointed at any function to announce his succession. Neither have I been elevated or placed. It just happened naturally as a role we had to play and we never looked upon it as a special activity but a baton to pass on”.

Ours was an innovative business with stress on accuracy, patenting, and matching customer’s expectations. We initiated innovation as part of our natural thought process and not as a separate activity.

“I still remember laughing sessions my grandfather and my father had several times in their life. They were laughing at each other's silliness and blunders committed. It was amazing. I realized, then why they were so innovative till the last day of their life.

“I have never once heard them say that there was need to move away from this business” They were just not interested. They never taught me that. They only gave me value models for sustaining and growing the existing business.

There was never a chance for me to visualize that a short cut was being taken or some compromises were being made. Instead I found many a times my father asking for an extension from the customer, for correcting themselves when there was a compromise on some process.

I was given a dressing down for showing extra turnover on 31st March of one year although sale happened on 5th April. This was to prove that there was an improvement during the year. It was strong knowledge dissemination.
I was asked to make the minutes of the meeting during the monthly performance review and was supposed to present it on the next day to my grandfather and my father. This was solid knowledge transfer and stood me in good stead.

I was never allowed to talk when we met with Bank or with any government official for permissions. I used to be upset as to why I should only be listening when I knew mistakes were being made. I find the answers today when I am dealing with them.

Unquote

This was excellent Passover experienced over a life-time of experience with documents also created for posterity. This was knowledge creation, development and transfer in its true sense. It is difficult for one not to take cognizance of it and run the business without allowing this process to be part of it.