



SAFE ENTREPRENEURSHIP

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Seasoned executives serving in multinational corporations, either in India or elsewhere, have for long driven the global agenda in their areas of operation. In a heavily matrixed global environment they realize that their hands are tied when it comes to driving their agenda and vision in a local context. Decisions are slow to come by and unrelated global events have often lead to derailment of their local business plans. Global events, beyond their control have ramifications on local strategy, compensation and even performance bonus which may lead to sense of helplessness and frustration at work. In recent times, inspite of a robust India business, as many senior executives have realized, the global woes of their parent organizations have led to wide-spread job cuts, pruning of bonus kitties and a major value depletion of their stock options.

We are talking of experienced MNC managers hitting a bump on their careers where they're serving roles that offer limited scope for business and career growth. But the good news is that Indian corporations are pursuing aggressive local as well as international growth opportunities. In addition, there are a slew of private equity firms ready to put their money on accomplished management teams to start up and built exciting new businesses.

By definition, these are roles where the executive drivers the agenda and is responsible for shaping their organization's destiny. The only difference being that there is the support of a larger institution with access to capital upfront, which is not a luxury when setting up a business on your own. This is what we call 'safe entrepreneurship'. As a senior executive, you need to look at the following when you evaluate such opportunities.

First and the foremost is the credibility of the investor. Note the broad business strategy including committed capital, expected pay-outs and commitment to stay the course. Institutional investors or large private equity firms are preferred over individual investors who tend to have a shorter term horizon.

Evaluate the nature of business, market opportunities and your assessment of your ability to pull it off. As a business leader in this situation, we have seen that executives who have a track record of having built businesses with an ability to 'woo' talent have a distinct advantage. The executive must assess his ability to attract and retain a hi-powered management team for the business. Also, your ability to operate without the 'air cover' from a global brand and existing on the ground infra-structure will be put under severe test.

Evaluate what is in it for you and your team if you pull it off. Understand clearly what the potential downsides and the opportunity for 'non linear' wealth creation are, which makes it worthwhile for you and your 'one-downs' to take the plunge. This is critical as you leave the comforts of a well-heeled multinational career with its attendant perks and pleasures.

Clearly understand the risk reward equation and in the pursuit of higher fixed compensation do not ignore the value of equity in the entity. This is the most important trade-off you need to make in your mind. Senior executives often take a significant hit in fixed compensation for the potential wealth creation opportunities such entities may offer. In an era, where capital is in abundance, entrepreneurs are in shot supply and in this environment you can clearly have the cake and eat it too.