



# Why the Negative Connotation Associated with Promoter Run Businesses?

## Q. How were the early days of your career in business and the challenges then?

Shaily was registered in 1987 and we started operations in 1988. At this point, I had just moved back to India after spending 20 years in North America. India in 1987 was very different than what it is today; starting a business was fraught with bureaucratic challenges, mostly on account of poor policies, corruption and lack of governance. Licenses were required to import machines, raw materials etc. On the domestic front, we had the quota system which

made it nearly impossible to source raw material for new start-ups, like ours. Compounding these issues was lack of basic infrastructure, including telecom. I still remember that I had to put in a request with the board to connect me to my home, and at times, it would take hours before I was able to speak with the family.

## Q. What was the driving factor for you to start this enterprise?

I had worked in injection moulding right from the start of my career and that is essentially what defined the choice of business I started. During my

initial market research, I realised that while there were several large traders / moulders manufacturing commodity items such as buckets, bins, chairs etc., most engineering plastic components were being imported into the country, and as a result I decided that the right path for Shaily would be to specialise and focus on precision components manufactured out of high performance engineering polymers. Having said all this, the ultimate driving factor was my wife, she wanted to expose our kids to the Indian culture and that led us to move back to India and start Shaily.



**Mahendra Sanghvi**  
Executive Chairman  
Shaily Engineering Plastics Limited  
Vadodara

“I am not sure if we have fully migrated to being professional and I personally do not think it would be wise for us to do so,” says Mahendra Sanghvi in dialogue with POLYMERS Communiqué.

**Q. As you look back on your journey, what do you consider as the most pivotal period for you?**

I have seen lots of ups and downs over the last 30 years, and definitely

more downs than ups. During the initial stages of the business, not being accustomed to the Indian way of working, I would often come home thoroughly frustrated with serious thoughts of going back to Canada. There have been times when we actually packed our bags and were on the verge of leaving, but it was my wife that after letting me calm down, explained to me with examples of other businesses that were flourishing in India. It was then that I realised that Indian entrepreneurs have an innate ability to not only survive, but also thrive in the most adverse conditions.

Indian businesses are not where they are today because of government support, we are there inspite of it. It was this epiphany that made me roll up my sleeves and work towards making Shaily a success.

**Q. You are in the business of working with speciality resins and commodity resins. Is a different mindset required to build these businesses?**

Had you asked me this question several years ago, I would have said that yes there is a different mindset required, primarily because customers expectations on products made from commodity resins were not high and as a result subpar quality products were being manufactured. The India consumer, today, has significantly matured and has aspirations and expectations that are very much like consumers in developed countries; as a result commodity products have also evolved and become high quality. I feel that in today's business environment whether it is engineering or commodity, the mindset has to be one of systems, quality and efficiency. But, when you get into specifics, the answer is that while the mindset need not be different, the level of technical know-how and capability required to build a successful speciality resin business are significantly higher than those required for commodity resins. For example we manufacture certain components for life saving medical devices using high performance engineering polymers that weigh less than 0.03 grams. Again, keep in mind that I am being stereotypical here, because there are products made from commodity resins that require very high precision as well.

**Q. Any specific case that you wish to highlight as regards material replacement with plastics that you believe**

## challenged you the most?

Couple of years ago we took on a project for a large global automotive major in co-operation with Solvay for converting a component from metal to plastic. The particular component is a connector rod that is used in turbochargers for diesel engines. The original metal component was manufactured using high performance alloy steel with several processes involved. We converted it from a 3 piece metal rod to a single piece injection moulded plastic rod.

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We did not succeed on our first try; there were iterations and evolutions in both, designs and materials, before we finally succeeded. This was truly challenging, but it added significant capability to Shaily as well. We have since then converted an additional 4 rods being used on some of the most popular cars, globally. This is also a case where we did not outsource tool manufacturing due to the fact that understanding the material and the process was the most critical part of manufacturing proper tooling, which we were able to successfully manufacture in-house.

### Q. According to you, the biggest change your organisation has embraced in the last 30 years?

Operationally, I would have to say that the biggest change we went through in 30 years has been the way we have embraced a systems-driven approach. However, if I were to be completely honest and look at the business in totality, I would have to say that culture

### Bumpy Road

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### Another One

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challenge and change that Shaily has embraced in the last 30 years. When you are a small company, promoters make every decision both, small and large; but as the organisation grows, it becomes both, difficult and inefficient to continue that practice. Unfortunately as a direct result of making every decision, we promoters, to a certain extent, handicap our managers who then find it difficult to take ownership and accountability. Therefore, the single largest change Shaily has gone through, and probably to a certain extent still continues to go through, is culture change; embracing new and more efficient ways of working, new technology, developing a second line without having the fear of becoming redundant and taking both, pleasure in and ownership of one's actions.

### Q. If you were to start another business today, what would that be and why?

Over the last maybe 7 to 10 years, I have seen most of our customers pushing for ways to make their products more sustainable / green. I genuinely believe that efforts are going to be needed from everyone to minimise the damage that we have already caused our planet. I, therefore, feel that if I had to start a business today, I would want it to be in the area of sustainable plastics. Plastics have a bad reputation world-over when it comes to the environment. I would, therefore, like to start something that positively changes that perception. Ultimately, I also see it has a very large

business opportunity that can result in exceptional financial gains and benefit the environment at the same time.

### Q. How difficult was it for you to migrate from a family held business to a professionally managed setup?

I can say without a doubt that this has been one of our most difficult challenges, and I am sure this would apply to thousands of other businesses in our country. I am not sure if we have fully migrated to being professional and I personally do not think it would be wise for us to do so. Family business, today, has a bad connotation attached to it because such businesses are perceived as not having proper systems, quality mindset and long-term vision. This, however, is not true for a lot of promoter run businesses. Similarly, professionally managed businesses have the exact opposite perception. In reality, what I have seen over the years is that promoter run businesses that focus too much on getting professionals to manage the business often end up creating too much hierarchy and bureaucracy within the organisation that essentially it takes away the agility that such businesses would typically have. I also believe that after an organisation reaches a certain level, family should no longer be involved in managing the day-to-day operational tasks, rather should focus on strategic initiatives that ensure sustainable growth for years to come. It is also common-place to see differences crop up amongst family members over time. Therefore, it is equally important to provide amicable exits for family members when the opportunity arises.