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THE FAMILY FEUD

► INTERVIEW

It is Not About Me, But About We

The Bharat Ram family has seen two splits: In 1989 and then in 1999. During the second split, **Ashish** and **Kartik Bharat Ram** decided there would be no splits on their watch. In a conversation with **Ayaan Kartik** and **Neeraj Thakur**, the two brothers talk about how they have kept the family together

→ Brothers in arms: Ashish (R) and Kartik Bharat Ram at their headquarters



How have you managed to keep the family together over the past two decades?

Ashish: We were brought up knowing family is more important than the individual. For us it is not about 'I' but about 'us'. It is not about 'me' but about 'we'. In any family business, you must take singularity out. Everything must be plural. The day you start looking at everything from a 'we' and 'us' perspective, life is different. That is what has worked for us. It goes back to a mantra: Business is about capitalism; family is about socialism.

Kartik: The learning came from previous generations. First, my father and his brother split from their cousins in 1989. Then, my

father and his brother split in 1999. Ashish and I would have been in our late 20s, early 30s then. We were very close as a family. We discussed at the time that we must try to figure out how we can stay together. We realised the company would lose value if there were constant splits.

Have you put together a document to manage the family?

Kartik: We put a [family] constitution together in about 6-8 months [in 2006]. We went through various iterations and even involved the spouses. There were strong guidelines on how the family should be run. The idea was if you run your family

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as well as your business, both will thrive. By 2006 we had our first constitution. Initially, the rules were very strict, but over time we liberalised.

Ashish: Any family business must have rules governing the family just as rules govern business. In our case, all of us knew that when you run a business, you will have policies for travel, immigration or anything else. Similarly, families need to have policies for dividend distribution, liquidity or the freedom to act on their own.

➤ **Why did you feel the need for a family constitution?**

Ashish: To put it in a facetious way, we were fortunate to see a lot of destruction in our

grandfather's and father's generations. We learned how not to manage a family business. We realised there was no proper governance structure. Kartik and I were very clear that if we keep running businesses the way our forefathers had, we are going to be done and dusted.

Kartik: Credit to our father as well. In 1999, when the family split, and for this I will give credit to Ashish because he was more involved in the family business [then] while I was doing my MBA, he realised the capability of the next generation. We went through the era of professionalisation with a chief executive etc. But by around 2003–04 our father realised his sons could take the

organisation forward.

While he remained the head till 2007, he handed over the reins to us when he turned 60. He took on a strategic role on the board but let us run the company. Our mother, who was alive until 2012, also played a role in shaping the family constitution. She upheld family values and her dying words were for us to support each other.

➤ **Does your family constitution govern personal affairs?**

Kartik: Our family constitution mentions you must spend time with the family. It addresses how to celebrate events, how to handle family exits and even what to do if one has an addiction. We have

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tried to spell out the A-Z. Some of it is values-based and some morals-based. For example, even if you choose to change your religion, you should discuss with the family why you feel the need to make that change, and then it is your choice.

➤ **How will SRF approach succession since both of you have kids? Are there any boxes you want them to check before taking over?**

Kartik: Our constitution says they [the children] should be well-educated, which means they must get college degrees. They could get management degrees later, that is up to them. Second, they should ideally work with a third party to get some outside experience.

Ashish: These kids will have to work with professionals initially. They are not going to become bosses tomorrow. They must prove their mettle. It is part of the journey of figuring out if they are capable. They will have targets. Kartik and I will see how their leadership blossoms.

If they want to run the family business, they will have to become capable leaders. That is more about EQ [emotional quotient] than IQ [intelligence quotient]. We must see if these people show those traits.

➤ **Does having a clear family governance structure aid conversations with investors?**

Ashish: Everybody is clear there is a governance structure here which is the best-in-class. There is clarity on how we want



↑ Arun Bharat Ram with wife Manju (right) and children Deeksha, Kartik (top left), Ashish

to manage the business and the role of the family. There have been a few investors who have spoken to me about succession. I think the next generation is very clear that creating wealth as a family business is more



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important than them as individuals.

➤ **Family businesses sometimes split vertically. Why has sticking together worked for you?**

Ashish: We are both working towards one goal. We are not running different divisions and then saying: My divisions are doing poorly and yours are doing well; therefore, you should be paid more, and I should be paid less.

We have professionals running each of these divisions.

➤ **Did formulating a proper document at the time when you were about to take over play a role in its success? Should family pay attention to getting the timing right?**

Ashish: One of the mantras we learned is that an issue is never an issue till it becomes an issue. If you want to deal with these, you have to address them when there is no emotionality involved. The moment it becomes a decision that I have to take in terms of policy, or how it affects my child, or how it affects somebody else's child, then emotional elements start coming into the policymaking. When we put this together, my daughter, who is 25 now, was six or seven. Nobody knew what they were going to do or what their interests were. If we had done this when these kids were in college, one might have said they wanted to be in business, and another might have said they did not. What you would have done with the constitution, etc, could have been coloured by looking at their interests. 📌