

Consistency and Perseverance: A Journey of a Normal Man to an Entrepreneur with Reference to Sumitra Corporation.

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Abstract

The following is a case study on the firm “Sumitra Corporation” which discusses the journey of a man inexperienced in business to his eventual rise as a persistent and consistent entrepreneur.

The case study begins with recognizing basic challenges involved during the inception phase of business pertaining to various stakeholders viz., Acquiring customers, negotiating with suppliers, hiring of employees, and also sustaining the competition. The firm has offered insights into its way of handling business by understanding the sources of initial capital as well as how sources of capital in the later stage of business gradually tend to change.

The methodology used to collect the above information is purely in the form of primary data. There were a few phases of discussions with owners on the following dates. Preliminary phase of interview held on 04/30/2020, Thursday, Introductory phase of interview held on 05/01/2020, Friday, Conclusion phase of conversation held on 05/02/2020, Saturday and finally the Feedback stage of discussion held on 05/04/2020, Monday.

The major finding from the case study is that change is an imperative part of any business journey. Approaches associated with advertising have changed over time. The different groups of customers, social networks, and employees are also changing at a very gradual pace.

The business would not have been this effective if it did not change as per the varying situations and remained consistent with their efforts.

Finally, we would suggest the firm to expand their market share to various other states as well. Incorporating digitalization as well as strengthening social capital will allow the firm to ease their manual workload and become much more prosperous.

Key words: Entrepreneurship, Initial Capital, Goodwill, Social capital, Stakeholders, Unique selling practice (USP), etc.

1. **Family background** - Mr. Chaganlal Bhurat who is the founder of the firm "Sumitra Corporation" hails from Ajeet, a village in the state of Rajasthan. He completed his schooling in Rajasthan and continued his higher education in Hubballi. In the late 1980's, he shifted to Hubballi in the

State of Karnataka with his spouse and five children while having no experience in entrepreneurship. After receiving suggestions from other family members, he decided to initially set up the firm at a small scale. However in the late 1990's, his eldest son Mr. Kismat Bhurat took ownership of the firm with due responsibilities and has been successfully taking care of it since then.

2. **Business family background-** The founder of the firm, Mr. Chaganlal Bhurat was engaged in agricultural activities in Rajasthan and had 15 years of experience in this field. He was also interested in creating networks and took active participation in village affairs. Mr. Chaganlal soon realized that agricultural activities would not adequately sustain him or his family which ultimately led him to make the decision to enter the field of business. By the time his son joined him in the business, Mr Chaganlal had enough experience to train him and thus we could say that Mr. Kismat Bhurat belonged to a business family background.

3. **Decision to become entrepreneur** – Growing up in a community where the majority of people were involved in small businesses was a major reason why Mr. Chaganlal decided to pursue that path as well. As his business began to gradually grow, it became a challenge for Mr. Chaganlal to handle it all by himself. The most obvious solution to this problem was to involve his elder son in the business as well, so that some of the burden may be lifted off of his shoulders. Finding a corporate job in the business world would have been very difficult for Mr. Kismat Bhurat as he did not have any form of higher education. But this hurdle was mitigated since he was joining a family business and did not have to go through a formal interview process that would have been standard in the corporate world. The pressure to support his father was also a driving force to join the business at an early age of 20.

4. **Initial capital/funding** - "The initial capital required in the early 1980's was around ₹10,000. Though it may seem like a meager amount now, arranging ₹10,000 during those days was backbreaking. The Initial capital was broken down into a few components. A Major component of that capital was the share received from his father as an inheritance. A sum of ₹3000 was taken as a loan from bank. A small space of 400 square feet was rented to start up the business. There were relatives and people of the homogenous community who also helped with ideas and the building of networks. The acquisition of capital was somehow managed, but acquiring the initial customers and convincing the initial suppliers for credit facility had been one of the major challenges during the inception." [04/30/2020, Thursday].

5. **Initial employees** - During the initial phase of the business, it was small in both scale and customer base. Hence, the need of employees had not aroused during that phase of business. After a period of three years, the business started to gradually grow and the need to hire 4 full time employees arose. These employees were from villages of Rajasthan who were in search of full time jobs. It was effortless to hire employees due to the network of relatives and friends in Rajasthan, Mr Chaganlal had cultivated over the years. These employees stayed in Hubballi for months together and visited their families back in Rajasthan once every 6 months. After a period of 6 years, the number of people employed by the firm increased to 10. A few of them came from Rajasthan while others were from Hubballi or the surrounding area. Currently, there are 13 employees working for the firm, among whom 9 are male employees and 4 are female employees. There are many qualities which the firm expects from its

employees. Being fit and having good physical strength is a staple in any employee that the firm hires. This is because the work given to them consists of carrying huge boxes or arranging goods in either the Godown or the store. Addictions to both drinking and smoking are strictly prohibited. Fluency in local language of Indian state, Karnataka (Kannada) and the national language of India (Hindi) is also a requirement.

6) **Initial Customers-** Attracting customers during the initial stages of the business was of the utmost importance. But as this kind of business did not have any competitors during that time, it became quite effortless to build a customer base. The owners travelled to nearby villages as well as, all the tailoring store and distributed cards that contained all the information about the firm that the potential customers may have needed. Customers were given elaborated information about the products available, prices, and the credit facility. Currently, the customers hail from various places such as Bangalore, Sirsi, Kumta, Hospet, Gadag, Goa, Navalgund, and many others location.

Initial suppliers – The younger brother of Mr. Chaganlal Bhurat had worked for the similar type of firm in Bangalore for 4 years. He helped in providing information on various suppliers and a variety of products. Steadily, as the contacts and the business grew, suppliers also changed and are geographically dispersed now. Currently the vendors of the firm are from Delhi, Surat, and Mumbai, and China.

7. Trust Building among Stakeholders

"Due to possible impact of stakeholders in the company, it is necessary to manage relationships between stakeholders and enterprises. Organizations that manage relationships with stakeholders actively, often benefitting from these relations" (Rodriguez-Melo, A., & Mansouri, S.A. 2001).

Customers- "Trust is built by providing prompt services and by charging the optimum price which is both affordable to customers as well as profitable to the firm. The customers are given credit facility for a period of 15 days to 30 days depending on the volume of sales. All customers are charged at the same price so that nobody feels cheated. Having personal connections is also a way we build trust among our customers." [04/30/2020, Thursday].

Employees- They are paid regularly on monthly basis. Any family emergency or serious issue has paid leaves and advance payment is also given during such crisis. "Employees are treated as an integral part of the firm which inculcates trust among them".[04/30/2020, Thursday].

Vendors- The firm remains loyal to vendors until the services provided by them are satisfactory. Constantly ordering goods from same vendors for multiple years and timely payment within the credit duration builds supplier's trust towards the firm.

8. **Building of goodwill-** The building of goodwill does not happen overnight. The firm has constantly worked on building trust of various stakeholders such as Employees, Vendors and Customers. This has given the firm advertisement through word of mouth which in turn, helps in building goodwill. Being

loyal to suppliers as well as customers being loyal to the firm has helped a lot in the strengthening of goodwill.

9. Basic Challenges- “First, many Entrepreneurial firms face financial constraints in their early stages of development” (Parker 2009). The major challenges for the firm was to acquire customers as well as being able to search for agreeable vendors. Unlike now, it was very hard to contact customers due to high call rates as well as inadequate access to internet facilities. They had to travel to many places in order to deal with customers or advertisements which were time consuming as well as pricey. Though the owners had ideas on how to expand their business, they could not do so because of inadequate financial resources and shortage of space needed to maintain physical stocks. Initially, the owners lacked experience as well which led them to falter on negotiations for the prices of goods due to unawareness.

10. Benefits of social networks- Social networks already existed in native places which played a major role during the expansion phase of the business. “ *Contacts of people who were already into the field of business helped us in finding out vendors and researching new expansion ideas*”. [05/01/2020, Friday]. They helped in getting funds by giving references to the bank. This network also helped distribute visiting cards around their areas which helped the firm create a strong initial customer base.

11. Kind of social network- It cannot be decided whether personal or professional social network plays a major role. When asked, the sequence of importance goes like this:

Employees- they were the ones who helped in maintaining the customers. Moreover, there are few customers who visited the store only if particular employees were available.

Contacts with people other than stake holders

Relatives and friends- they helped in the initial phase of acquiring capital and other resources.

Hence, we can conclude that the professional network played a bigger role when compared to the personal network.

12. Strategy of financial capital- The major strategy was to plough back the profits earned into the business and thereby increase the fixed capital of business. Currently, the fixed capital is ₹10,00,000 and the owners have estimated that the capital of the business will be double in size to ₹20,00,000 in the next 10 years. They have forecasted that expenses are going to be higher than savings for next few years which include personal functions, educational expenses, emergency funds and other expenses. Therefore, the capital is projected to increase up to only ₹20,00,000.

13. Goals and USP (unique selling practices)

Goals- The firm right now aims at sustaining all the customers amidst the competition. “*Customer relationship building is the essential aspect of exploring, creating and sustaining customer loyalty*” (Wong, Chan, Ngai& Oswald, 2009). Sustaining current customers is more difficult for the firm than

gaining new customers. The firm also wants to increase its profitability within the same volume of sales by enhancing the quality of products and adding a variety of stocks.

USP- The unique selling practice of the firm is that the firm accommodates all kind of tailoring products such as buttons, thread, needle, laces, variety of oils, components of sewing machine all under one roof. It becomes convenient for customers and also time saving which acts as an advantage against competitors.

14. *Recent major objectives*- Making profit has been an objective since the inception of business but there is one objective that has gradually changed. In the beginning, the firm wanted to attract customers and increase customer base in and around Hubballi. But now, the firm wants to captivate customers in and around Karnataka as well as hold on to the existing customers so that they do not deviate towards competitors.

15. *"Achieving these objectives is not the play of a single person. It would not be possible to maintain all the customers and provide them timely and safe delivery of goods without employees. If the suppliers would not agree for credit facility then payment would have been a challenge. During times when stock was damaged by rain and fire, vendors agreed to extend the credit facility and employees agreed to work overtime."* [04/30/2020, Thursday].

16. *Products which the firm sells*- The firm is involved in the wholesale business of all tailoring materials such as:

Needles

Buttons

Threads

Greasing oils

Laces

Beads

Saree fall and lining etc. are currently available.

Products like albums, cameras and Kodak reels were sold until 15 years ago. Due to decrease in the demand, they were eliminated from the business.

17. *Advertisement*- Initially, personal selling was used as a tool to advertise and increase sales. As customers grew, personal selling became too labor intensive. Slowly, customers started becoming loyal and advertising was no longer a necessity

Currently, the main tool of advertising is word of mouth. Employees and customers talk about the products and services rendered and share their experiences with others.

They have bags and covers printed with their firm's name.

Events conducted in temples or Ganesh chaturthi are sponsored so that the general public is also aware about the business.

The firm is also registered on just dial as a part of online advertising.

18. Building Customer base-

"Customer retention has been a noteworthy issue since the mid-1990s (Ang & Buttle, 2005)"

"Customer loyalty is built by providing them with best quality of products at optimum rates. In case there is no stock of any product then the customer is not sent back. He is asked to wait and the product is delivered within 2 or 3 days." [05/01/2020, Friday].

Timely delivery is another important aspect of the firm. Customers in Karnataka are delivered their orders within 4 days whereas it takes a week for customers from other states to receive their purchases.

Credit facility from 15 days to 30 days depending upon the customer or volume of sales is also given.

Few customers who have been loyal for many years and provide good sales to the business are also invited to personal occasions such as weddings and festivals.

Having good business deals as well as a personal touch builds a strong customer base.

19. Organizational goal in context of social networks- Building of social capital is a very important part of the firm's strategy. There are no prescribed strategies as to how the firm will create social networks but they have been practicing these aspects of their culture for a very long time. That same culture is carried forward into the next generation. Practices such as inviting employees, suppliers, and customers along with their family to personal occasions are still carried out to this day.

"This definitely helps in achieving the goals of the business because it helps retain the customers and thereby increasing the sales. Vendors also agree on firm's conditions and negotiating power is obtained. These are all the byproducts of maintaining social networks." [30/04/2020, Thursday].

20. Specific Policies- The firm does not have any specific policies, but they never miss an opportunity that comes along with time. They have taken almost 35 years to build this social capital.

21. Plans for social capital- There are a few unique practices which the firm has been practicing for a very long time. Practices such as providing gifts on purchase of some said minimum limits, sending boxes of sweets to customers during Diwali, yearly bonus to employees, and advance payment of salaries during emergencies etc. are few of the ways to strengthen social capital.

22. **Role of social capital-** Social capital is a qualitative factor which makes it difficult to quantify into concrete numbers. But it is said than on an average, about 20% of sales are increased due to employees and customers' word of mouth.

23. **Are results worth the efforts?-** *"Though social capital was a part of business from the beginning, it did not impact any stake holders for the first 4 years as people did not turn up to any occasions. It was seen that less than 10 customers attended the first family function after the business was set up. When the same kind of occasion is held now, more than 100 people attend. There was a function in 2017 in the month of February where a total of 150 people related to the business had joined. There were 120 customers along with family members, 30 suppliers and more than 100 friends. These digits speak to how strongly the firm has built its social connections."* [04/30/2020, Thursday]. Though the efforts take a long duration of 30 odd years and the results can be realized now, the firm feels that it was worth the efforts of building social capital.

24. **Edge over Competitors-** This firm definitely has an edge over its competitors. Even if the rates are sometimes higher than the competitors, customers come back to the same firm because of the personal touch and emotions that are attached. Customers walk down to the store "Sumitra Corporation" first and purchase goods even without comparing prices with other stores. This is the kind of loyalty and customer base this firm built. Employees are satisfied with their pay scale and do not search for similar jobs at higher salary because they will not find a similar working environment and facilities anywhere else. When everyone related to business develops a sense of belongingness with the same, the firm definitely has an edge over competitors. **"For the management of the company is very difficult to define the interests of all stakeholders"** (Clarke T 1998).

25. **Uniqueness in social capital-** This social capital is unique because the owners have built relationships from their native place Rajasthan as well as Hubballi since the time of the firm's commencement. The most unique part about the firm is that it is ahead of time by 10 years since the competition entered the market 20 years ago. There are few customers and employees who are very loyal and attached to the firm as well as the owners. It is a difficult job for competitors to shift customers. When the firm started during the early 1980's, it had to attract new customers but competitors had to attract customers who were already loyal to some other firm and then build networks. Being ahead by 10 years in the journey of entrepreneurship is the major uniqueness of the firm and definitely has an edge over competitors.

26. **Rare Resource-** The firm's social capital is very rare, unlike any other resources which can be procured at a cost. As the tag of monetary value is not attached to social capital, it takes experience, time, and emotions to build it. Social capital is not easily available but once it is built, it can have very effective results in the form of loyalty and goodwill.

27. **Unique context-** Social capital for this firm has arisen out of unique context. Mr. Chaganlal Bhurat is a trustee of the Shantinath Hindi medium school in Hubballi. He has also been his community's president for 13 years and has taken part in village panchayats in Rajasthan. The scenario of social capital would not have been the same without all these experiences. Participation in other areas have given the owner voluminous contacts which forms a unique context for the firm in building social capital.

28. **Marketing Strategies-** Marketing and advertising was a tool used by the firm during their humble beginnings. Currently, they have a customer base which they are satisfied with, which is why they do not invest more in advertising expenses. Their only intention is to retain the existing customers and create loyalty. Hence efforts are put more towards providing discounts to customers as well as providing

proper and timely services. The firm has still not moved towards adopting an offline marketing strategy other than having an account on just dial's platform. **"On the other hand, professionals' Facebook use largely mimics the patterns of use by college students: it is used by professionals to keep in touch with social friends outside of work"** (Do Micco, J.M. and Millen, D.R., 2007).

29. **Strategies for products and human resources:**

Products: The firm takes pride and advantage of keeping a variety of goods under one roof as well as having availability of stock according to the demand. The current strategy is to maintain the same standard while also simultaneously modifying the list of products as per the customers demand. Earlier, albums were kept in huge stock but these days, albums have disappeared from the list of products. Designs and varieties are also to be updated in order to generate interest among the customers.

Human resource- The firm believes that it is worth keeping an extra 1 or 2 employees so that provisions can be made during emergencies or if any employee leaves their job. It is difficult to search for proper employees during the last second so it is important to be prepared. The existing employees must also be content with the facilities, so that they do not think of leaving the firm.

30. **Recognition of social capital-** *"Employees, customers, suppliers, relatives are all identified as integral parts of social capital. Employees contribute up to 60% of social capital whereas the contribution of customers and suppliers is 15% each and the rest of social capital is built through relatives."* [05/01/2020, Friday].

31. **Strategy plans for better use of networks-** There is no precise planning of strategy to create networks. However, whenever there is a chance to attend any occasions or festivals, the firm always attempts to create networks. Events in temples are sponsored by the firm which helps in making communal relationships.

32. **Social contacts with institutions-** The firm currently does not have many networks and associations with similar institutions but it is currently looking ahead to create such relationships so that the future needs and demands of customers can be analyzed which eventually helps in making improvements. When people involved in similar kind of businesses meet, many new ideas can be generated.

33. **Conscious efforts towards social networking-** The firm had made extra efforts in the initial stage to build social networks by offline mode, as internet facilities were not available. They preferred meeting people in person and talking to them face-to-face. Nowadays, the firm does not spend much time in networking since they have already met their expectations and are enjoying handsome benefits due to the networks they have already built. This does not mean that they completely avoid socializing. Withstanding the prevailing networks and maintaining the same level of loyalty and goodwill is an effort to maintain social networks for the present as well as the future.

34. **Social networking for firms success-** There are instances where the firm would have failed without these networks. At the beginning of business, all the information about products, suppliers, and customers was provided by a relative which would not happen if Mr. Chaganlal had not been on good terms with that relative. Personally collecting all the data would have been challenging and taken a lot of time. Having credit facilities in the beginning from the suppliers as well as having networks and contacts only boosted the banks confidence about the owners and assured them that the loan was in good hands. Offline social networking has contributed to the maximum in the firm's success unlike online networking which is still not so convenient for the firm.

35. **Any other information about the firm-** The firm 'Sumitra Corporation' was founded by Mr. Chaganlal Bhurat and his eldest son Mr. Kismat Bhurat, who is currently the present owner, but the business is managed by two other people as well. Mr. Anand Bhurat and Mr. Mukesh Bhurat (younger brothers of Mr. Kismat), also share the same authority and responsibility of the business except that they do not have same ownership status. They also have decision making powers so the structure of business somewhat is like a Hindu Undivided Family although legally, it is a sole proprietorship.

36. **Major milestone-** There are employees who have been working in the firm for more than 15 years which is noticeable and appreciable. Loyalty earned from few customers is another milestone. *"Few months back when there was heavy rainfall, the stocks in the godown had been damaged and the customers had to wait for their orders to be delivered. Arranging all such orders within a span of one month with complete support of employees and delivering goods on time had been another major milestone. Coping up with a loss of about ₹2,00,000 which was not even insured and getting back to normal course of business was no less than achieving a milestone"*. [05/01/2020, Friday].

37. **Major difference between entrepreneurs and job seekers-** *"The major difference is the initial capital investment which is required in entrepreneurship whereas skills and knowledge is expected by job seekers. The risk is high and to be borne completely by the owners of the business. Decision making power is high in the hands of owners when compared to an employee."* [05/02/2020, Saturday]. Considering all these aspects, Mr. Chaganlal decided to set up a business and build a base for future generations.

38. **Top skills required-** Experience is the greatest and most valued asset of any business. One has to keep themselves updated with the market situations and be dynamic according to the customers demand. Flexibility is also a very important component. If the firm practiced its old methodology to this day, then it might not have been able to sustain the competition. Patience is a key to success. One cannot expect results right on the next day of inception. It takes years for a start up to be successful. It is truly the epitome of the saying, 'Rome was not built in a day'. ***"Furthermore, (Sorgner and Fritsch 2018) find that people working in occupations characterized by relatively high unemployment risks, high earnings risks, and high self-employment rates have a high probability of moving into self-employment"***

39. **Entrepreneurs are born or made?** - They are definitely made with experience and training. Any person with common sense and hard work along with patience can become an entrepreneur. Being an entrepreneur is a quality or a way of living which is slowly inculcated in an individual.

40. **Biggest lesson learnt-** *"It is to maintain good relationships with everyone whether that person is helpful in generating profits or not because we never know who can be useful for situations in the future. Contacts play a major role in a firm's success. It is also important to not stick on to one idea or practice or product. Variances and dynamism is a much needed ingredient in a firm's success. Last but not the least, profit might seem to be an important constraint in the beginning but after a few years, there are various other things which join the list and the owner expects many other things like recognition in society, loyalty, goodwill along with profits."*[05/02/2020, Saturday]. ***"The first three criteria that we included have been identified as crucial to entrepreneurship: profit, growth and innovation"***(Hitt, Ireland, Camp & Sexton 2001).

41. **Non work time-** During non-work time *"I like to read newspapers, watch movies, spend time with friends and most importantly with my family"*. [05/04/2020, Monday].

42. **20 years later-** "20 years down the line I see the firm handled by my son successfully and carry forward the same culture of the firm by adding modern ideas to it in making it more successful and profitable." [05/04/2020, Monday].

43. **Advice to youngsters-** Though youngsters have access to many opportunities these days, they should not forget the 4 timeless pillars in the foundation of any business. These 4 pillars are patience, hard work, honesty and consistency. Just utilizing all the opportunities and resources available to you will be the best way for all of you to shine as bright as possible.

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