

## **Case Study- Journey of Prime- The Rise & Fall**

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### **Abstract**

The case discusses the journey of an Entrepreneur and focuses on rise and fall of his ventures. It is centered on our protagonist and his business. It talks about how an ambitious businessman migrates to a bigger city to scale up his business, the investment opportunities that he faces, the decisions that he makes that led to the success of his ventures and eventually led to the downfall of all his businesses. The case can aid students of business, strategic management and entrepreneurship to gain insights about decision making, Planning premise, Financial feasibility of projects, management of resources.

**Key Words:** Business, entrepreneurship and strategic management, financial planning and leadership

### **The Background**

As Mr. Anand Tikariya, a middle aged business man, sipped his coffee while scrolling down his iPhone and WhatsApp messages, read a quote, “Be not Afraid of Growing slowly, be afraid of standing still”. This provoked some thoughts in his mind and as he sat comfortably on his chair he became reminiscent of his business journey. He began delving on the notion of how to upgrade his business which can make him successful again.

Anand was Master of Science (Chemistry) and belonged to Chhatarpur (MP) from a business family. His father Mr G.D. Tikariya, an acclaimed businessman in his own right established businesses and handed them over to his three sons. This pedigree lead to an array of businesses which comprised of Dealership of Cinni fans, Bush Radio, of Bajaj Auto Ltd., and LG Shoppe in Chhatarpur. Anand’s ambitions did not suffice at Chattarpur and he moved to Indore eventually to start a Multi-Level marketing business: India Firstand, along with the Distributorship of Samsung, Sony and similar consumer durable brands. Unfortunately his ventures did not do well and he had to shut down most his establishments in a span of few years.

### **The Making**

Anand established Prime Car Pvt. Ltd. which was a Dealership of Maruti Suzuki India Ltd. in Dewas M.P. in October 2010. Major business was Sales of Maruti Vehicles, Services and Spare parts along with accessories. Due to non-availability of funds in the initial stages, he collaborated with Amit Sharma an investment partner who was- the owner of engineering colleges and other businesses in Indore. But Anand and Amit parted ways because of personal clashes and business problems. Meanwhile, Anand was able to bring funds through various financial instruments like Bank Guarantee, Cash Credit Limits, and other business loans from Banks and other NBFC’s.

With Anand's mission for future expansion he recruited Mayank Khare in 2012, as General Manager-Sales and under his supervision, the Business grew substantially. Simultaneously, he started expanding Maruti's Dealership in Shajapur, Shujalpur, Khategaon and Agar (all small towns of Madhya Pradesh). He also started True Value (pre-owned car business) and Car driving schools in Dewas, Agar and Shajapur.

Mayank by now had become a dynamic personality and the backbone of his organization who could handle procurement of funds, manage teams, handle sales, and do whatever was in the interest of business. Since Mayank was handling the operations of Prime Car very well, Anand thought to diversify as he encountered other opportunities.

### **The Mighty Rise (Divert or Diverse?)**

Anand made his foray in the Real Estate business and started a project in partnership by name of Prime Heera Developers at Dewas-Makshi Highway in Madhya Pradesh. It was a property of farm houses and was successful with good financial returns. After a successful stint in the real-estate sector, he again ventured in the same industry and as a second step built a company named, Prime Infrabulls Pvt. Ltd. Under this he started a project located on Indore-Dewas Highway by name of Prime Sai City-1 which was a property of residential plots. In a span of two years along with a highly effective and efficient team headed by his front man Mr. Manish Nair a dynamic sales head maximum plots were sold out and gave a reasonable return.

Next was an ambitious project of high-rise building in Mahalaxmi Nagar, a densely populated area of Indore. Due to non-compliance issues and paucity of funds, the project Prime Pearl could not be launched. Anand took a loan of Rs.5 Crore for the development of this property but had to eventually divert the funds to different projects- Sai Prime Buildcon, Prime Hira Developers, Sai Prime City I, which yielded profits. Initially the profits from these ventures surpassed his expectations, however, these projects did not run well in the long run. Simultaneously, he also forayed in a township in Khandwa Road, Indore named as Sai Prime City II. However, compliance procedures like Town and Country Planning, Development Permission delayed the start of this project.

Anand left the real-estate business in the hands of Manish Nair and obtained Reliance Jio's Zonal Distributorship for half of Madhya Pradesh in the year 2015 with an investment of Rs. 9 crores. The fund for this project was procured through Bank guarantees, Cash credit limits and over drafts. Foreseeing a good opportunity, he appointed 27 Regional Distributors in 22 Districts of Indore and Gwalior Zone with a business prospect of over Rs.90 Crore as promised by Reliance Jio.

Since crucial infrastructure for Reliance mobile services was still underdeveloped, the business could not be started in full swing. Jio's mobile handsets came with partner brands and its own brand name LYF. This required money rotation and heavy investment, therefore, Anand hired Dharmendra Sharma to manage his operations of Jio's Business. Although Reliance Jio unlike Maruti Suzuki was a company that expected owner's involvement in business, Anand was not involved at the grass root level of the business.

### **The Fall of the Mighty**

Unfortunately after just a couple of years owing to financial irregularities, non-compliances and non-involvement in business, Reliance Jio Distributorship was withdrawn from Anand in July 2017. His other businesses also saw a downfall and had severe financial and operational issues.

Some of the operational discrepancies which lead to the downfall were: When cars used to be sold by True Value, money taken from buyer to transfer the name of owner was never sent to RTO for further process which resulted in poor relationship with customers. He did the same thing for VAT, Sales tax and Excise. Despite several notices from government offices like Excise, Sales tax, RTO and VAT for non-compliance,

Anand never invested time in settling these problems and issues. Anand's overconfidence never let him rely on his friends whenever they offered him constructive feedback and advice.

Anand has a history of investing in diverse businesses and sectors and his tactics of running his business his own way, in the future may lead to further losses or could take him out of the rut. However, the market of Indore has seen substantial growth and changes, the contemporary business environment is dynamic and ruthless. At this moment Anand's predicament is clear: no businesses to rely on but huge loans to settle. The future seems bleak and challenging for this gutsy and self-made entrepreneur.

Anand's coffee had gone cold and as he asked his wife to prepare a fresh cup of coffee, he seemed to be thinking about a possible revival of his now wrecked businesses.

## **Conclusion**

Anand had a business mindset and risk taking appetite, but his decision making abilities, crisis management abilities and lack of a business plan led to the collapse of all his businesses. Despite lack of resources, he was able to manage both funds and expertise. Anand established businesses and handed them over to capable people to look after them. This is a usual characteristic of a businessman, but lack of interpersonal skills and quick diversion of funds also led to all the troubles in Anand's business. Anand did not reflect on his failures and successes before attempting another project which ultimately led to the downfall of all his business.

## **Questions for Discussion**

1. What had put Anand into trouble?

Although Anand was a very ambitious businessman, his entrepreneurial bent was weak. Entrepreneurs are often required to take quick decisions in a highly volatile environment especially when the stakes are high and time pressures are immense. The failure of entrepreneurs could be attributed to lack of resources and knowledge to properly execute ideas. Anand diverted and invested into businesses without ascertaining the potential of such new ventures. He did not pay attention to the working and nitty-gritties of business. He took various loans and advances from Financial Institutions and never bothered to pay them back, as a result his financial burden burgeoned, because of which he lost credibility in banks. He did not check financials of the business and left it completely on the employees. Anand also lacked in professional and futuristic approach. He entered all the businesses haphazardly, without any planning.

Anand lacked the abilities of a solo entrepreneur. He did not possess the vision, communication skills, problem solving and technical expertise to understand complex problems, make teams, and understand basic human dynamics. Anand did not learn to build trust with all the stakeholders. Trust building takes time and patience. The business world is small and built on trust and strong relationships that need to be nurtured and developed.

He did not learn from his failures and was neither bothered to be accountable for them, he was a mere witness. His lack of proactive and entrepreneurial mind set led to the fall of his business.

Anand's failure in this respect is validated by the study conducted by Klimas, P., Kraus, W.C.S., Kailer, N., and Maalaoui A. (2021) that highlights Entrepreneurial Failures (EF) that can be a consequence of internal and external causes. Internal causes being both personal and professional and external are meso and macro level that represent factors that are not in the control of the entrepreneur.

2. If you had been in Anand's position, what would have been your action?

**Business Plan:**

As Anand, I would have first prepared a Business plan. A realistic and time-bound business plan lends clarity to achieve goals and also caters to possible problems and solutions. The plan aids in ascertaining the need for market surveys and research. "A good business plan can help you get clear on the direction of your business, identify strategies and an action plan for you to achieve your business goals, and help you secure the financial backing you need to start or grow," said Martin Hoffman, BOQ Business Head of Corporate, Victoria and Western Australia. Mar J. Dollinger has defined business plan as "the formal written expression of the entrepreneurial vision, describing the strategy and operations of the proposed venture".

**Expert advice and suggestions:**

While taking up expansions, market research serves as a base for intelligent and knowledgeable decisions. Investigating the market for expansion is crucial for success. I would have taken suggestions from experts, advice from confidants to check the viability of projects based on the data of the research. Expansion could have been done to more rural/satellite areas, two wheelers, Nexa etc. thereby, targeting the right market. Even if I wanted to diversify, I would first study the entire details of the business in terms of legal and financial requirements and the future demand.

**Getting involved to ascertain financial requirements:**

Fund requirements should be prepared in detail. The financial requirements of short-term and long-term separately. Sources of loans, settling of loans, capital borrowed from financial institutions and banks should have been high on priority. Reputation for an entrepreneur is of paramount importance.

Anand should have initially involved himself more and then created a committed and motivated management team to manage all the aspects of the business.

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