

Eight

Bazaar Power

Commerce is the art of exploiting the need or desire someone has for something.

—EDMOND AND JULES DE GONCOURT

I arrived on the island of Bombay on a wet monsoon day after eight years in America. The damp streets shone from the rain and the city's air was dense with wetness. The yellow and black taxi drove me through soggy quarters, carelessly bouncing over puddles. It was an early evening in August and the streetlights glistened on the asphalt. That night I saw fifteen-foot-tall waves of the Arabian Sea shatter thunderously against the rocks below my window. The southwest wind whistled through the cracks between the shutters as the rain advanced from the deep sea like the disciplined forward phalanx of an army. The next morning I reported for duty at Vicks's Indian subsidiary. The office turned out to be a tiny rented space on the third floor of a run-down but quaint old building called Queens Mansions in the Fort area, with a dozen employees. This felt like a real comedown from the company's swank New York offices in midtown Manhattan, where I had been hired and trained for three months.

After graduating from Harvard, I was confused. I missed home. Although I had several scholarships to pursue postgraduate studies in philosophy, I was less and less inclined to become an academic. Yet I did not know what else to do. I couldn't return home empty-handed. My parents would never have understood. In desperation, I wrote to several dozen American companies with operations in India asking them for a job in their Indian subsidiary. I did not think I wanted to make a career in business, only that it might make a nice break for a couple of years from the academic life. Only one company responded. It was Vicks, the makers of VapoRub and other over-the-counter medicines. After several interviews in New York, Surin Banta, the general manager of the Indian subsidiary, called Richardson Hindustan Ltd, who happened to be visiting from Bombay, offered me a job. He explained that the company was relatively new in India, and this was my chance to get in on the ground floor. And so, I was in Bombay.

I was given a desk and a chair in a room with two other marketing people and designated "trainee" at a salary of Rs 750 per month. My boss was the advertising manager, a pleasant Gujarati from Ahmedabad, who welcomed me with a warm smile. At eleven o'clock tea was brought to me on a tray, which confirmed my status as an "officer." The clerks and the secretaries received pre-prepared tea in a cup and saucer. My job was to learn to market Vicks remedies for coughs and colds in the Indian market. But by noon on the very first day, I was already in trouble. Around eleven-thirty I had been summoned by the sales director. He began to brief me on the sales and distribution structure of the company. Since I knew nothing about business, I asked the most elementary questions. I wanted to know why things were done the way they were. He thought I was being insolent. No one, it seems,

had questioned the basic system. In my defense I said that I was merely trying to learn by questioning. He got angry and complained to Banta. He said that the company had made a wrong decision in hiring me.

“Why?” asked Banta.

“He asks too many questions!” said the sales director. “He won’t survive. We had better let him go.” Banta said that he would ask the advertising manager to talk to me. “He can talk as much as he wants. But I know a rotten egg when I see one. He won’t fit here.”

That afternoon the advertising manager called me into his room. He looked at the fluorescent light overhead and then at his olive-colored steel desk. There was a long pause. Finally, he cleared his throat and began to speak uneasily. It took him a while to get to the point. He asked me what had gone wrong at my meeting with the sales director. “Nothing,” I said.

“Well, he wants to fire you.” I was shocked.

The problem seemed to be my attitude. “He thinks you ask too many questions.”

“Is it wrong to ask questions?”

“Yes, if it shows a lack of respect. You are no longer at the university. First, you must learn how things are done. Then there will be time enough to ask questions. We’ll give you one more chance. But remember, I won’t be able to save you the next time.”

I was devastated. When I went back into the hall, I thought all the clerks were staring at me. It seemed everyone knew that I was in trouble. Instead of going back to my desk, I went out into the street and wandered aimlessly toward the harbor, feeling defeated. It was a funny world, I thought, where you couldn’t ask questions. I looked at the gritty, impossible city. I passed a row of warehouses and soon reached the great natural harbor, with its miles upon miles of deep, sheltered water. A dozen merchant ships were moored there, waiting to unload. It was a clear day and the mainland of India was visible in the distance, under the brilliant monsoon sky, but the vast scene was colored by my unhappiness.

As the days went by, things seemed to improve. Both Banta and the advertising manager realized that my problem was that I was “excessively curious.” The sales director, however, continued to be hostile and I tried to avoid him. This was not easy since he would barge into our room three times a day. All three of us were expected to jump to attention when he entered, and speak only when spoken to. It fed his ego, but I thought it a most inefficient way of working, particularly since he spent hours haranguing us, wasting his time and ours.

I had a cousin in Bombay and one evening he invited me for dinner. He worked in a big British company with many factories, thousands of employees, and plush multistoried marble offices. He asked me many questions about my job, my company, my title, and my place in the hierarchy. After listening to him, I felt small and ashamed to talk about my office and my job.

“How many factories do you have?” he wanted to know.

“None,” I said.

“How many salesmen do you have?” he asked.

“None,” I said.

“How many employees?”

“Twelve.”

“How big are your offices?”

“A little smaller than your house,” I replied honestly.

Years later, I realized that what had embarrassed me that night turned out to be my company’s strength. All twelve of our employees were focused on building the Vicks brand without the distraction of factories, headquarters staff, sales forces, industrial relations, and dozens of departments. Boots, an English drug manufacturer, made our products under contract. A distributor, Muller and Phipps, who had a hundred salesmen spread around the country, distributed them under contract. Our external auditors had arranged for someone to do our accounting, and our lawyers took care of our government work. We were lean, nimble, and all of us were building the business, attempting to create loyalty among the chemists and the consumers. We were also very profitable.

All my cousin’s talk that night revolved around office politics, and all his advice was about how to get around the office bureaucracy. It was not clear to me how his company made decisions. But he was a smart man, and I sensed that with all his pride in working for a giant organization, he had little respect for its bureaucratic style. It seems to me now that if persuading the customer to buy a product is ultimately what leads to business success, then it is logical that a company should spend all its time and energy on ways to enhance customer satisfaction and employ outside suppliers to do everything else. It should spin off as many services as suppliers are willing to take on and leave everyone inside the company to develop and improve products and create, retain, and satisfy consumers.

There is a concept in Yoga called one-pointedness (from the Sanskrit *ekagrata*, which means to direct and concentrate one’s energy at a point). All twelve of us in those days were one-pointedly focused on making Vicks a household name in India. As I look back on my early days on the job, I certainly learned the value of a one-pointed focus on one’s core competence. In a consumer product company, this means that product development and marketing are the only skills that need to exist in-house. All the other jobs can be contracted. I learned this lesson because I was constantly put face-to-face with the consumer. It would have taken a lot to learn this lesson in a glass tower in Manhattan.

As so often in life, however, by the time I could apply the lesson I had learned, our company had a thousand people, several factories, a national sales force, and many departments that were having a lot of fun fighting over turf. I believe that tomorrow’s big companies may well consist of hundreds of small decentralized units, each with a sharp focus on its particular customers and markets.

Like every northerner, I did not like Bombay at first. It seemed crowded, noisy, and chaotic after the open spaces of north India. I had to learn to negotiate the tangled traffic, the beggars, and the pavement sleepers. I found it all squalid and dismal. The smoke from the mills in Parel was like exhaust fumes, especially in the rain. Amidst the harsh nakedness of industrial India, I sorely missed the India of my childhood—the Himalayan birds, the trees, and the grassy spaces with which I had grown up in Simla and Delhi. When I looked at the mill workers, I saw empty faces, without any expression of life. There was no beauty visible to me in the lives of the industrial masses.

From the local train I could see the urban stain spreading, eating away at peaceful old villages, driving back the coconut trees, smothering the once calm lives in lazy bungalows with chemical fumes and dotting the shores of creeks with slums. Because it is an island, joined at the top with the

mainland, Bombay's dormitory suburbs lay to the north; on the other three sides there was only water. The northern reaches of the city were mile after mile of urban sprawl, with sordid apartment blocks, dirty and crumbling, though only recently constructed. In between I caught a glimpse of a green field here and there, scattered palm trees, an occasional blue mountain. But more often the view was of shanty towns with mud huts pushing one against the other, covered with tin or plastic sheets, sometimes only with rags. Exposed suddenly to this horror, I felt ambivalent about industry and "city living." I imagined the island city one day being swamped by a dangerous tide of humanity and crumbling into the sea.

After the initial shock wore off, the city slowly began to grow on me. The breeze from the Arabian Sea, sent as if by Bedouins, had the power to banish all uncomfortable thoughts and soothe the body. I delighted in the entrancing view of the sea, shining like a brilliant turquoise stone. I walked on full-moon nights in the dazed air of Hanging Gardens, alongside the gulmohar trees. Even negotiating the gales on Marine Drive during the monsoon was an adventure. The city gradually won me over. I admired it for its great heart. Bombay was a miniature India which opened its arms to people from all over the country. It contained an infinite number of social worlds, intricately woven yet separate.

My ambivalent feelings about industry gradually underwent a change as I was slowly caught in the romance of the commercial world. I worked in the heart of the business city, surrounded by the port, the stock exchange, and the commodity markets. On my way to work, I passed warehouses, business houses, and shipping agents. Gradually I adopted Bombay's heroes as my own. My eyes would grow misty when talk turned to the merchant princes like the Sassoons, Wadias, Tatas, and Birlas. Instead of viewing industry with disdain, I began to see it as the nation's lifeblood and a symbol of prosperity. I began to understand that if the engineering industry had not succeeded the old textile industry, and if petrochemicals and chemicals had not succeeded engineering, Bombay would not have retained its energy, nor its position as the premier employer and taxpayer of the country. But I was bothered by the fact that squalor seemed to grow as fast as prosperity.

A month after I joined the company, Surin Banta handed me a brown salesman's leather bag and a train ticket and sent me "up-country." A man of the old school, he believed that you learned marketing only in the bazaar. So I spent ten of my first fifteen months on the road and saw many up-country bazaars. Despite the heat and the dust, and the seedy traveling salesmen's hotels, I enjoyed my field training and meeting new people. Every day I worked diligently from morning to evening and learned to outsmart wily traders. I grew accustomed to the narrow, congested streets full of bullock-carts, bicycles, handcarts, and garbage dumps. After visiting the local stockist who was the exclusive wholesaler of our products, I would call upon the major retailers in the town, accompanied by a "poster man" and a deliveryman on a tricycle filled with my company's products. While I took the order, the tricycle driver delivered stock and collected cash, and the poster man plastered the shop with advertising. The stockist provided the delivery and poster men. It was an efficient division of labor, although the poster man sometimes stuck the posters upside down. Overall, I was amazed by the sophistication of trade, the seriousness of purpose of the merchants, and the enormous wealth that it was capable of producing. In contrast to the rich patterns of commercial life, the routine in an Indian government office struck me as dull and decadent, even barbaric.

Early one winter morning I arrived at Ratlam, a rail junction in Madhya Pradesh, on the main line between Bombay and Delhi. A coolie carried my bedroll and trunk a hundred yards to Sri Krishna Lodge. The pink and green ten-room hotel was popular with salesmen and commercial travelers. As it was full, I had to share a room on the first floor. I was grateful for a bed, and did not mind the flies or the open drain outside the window. I walked out to the small balcony and looked down the street. The movie theater diagonally across seemed forlorn. A cycle-rickshaw pulled up at a tea stall. Its driver, with a red scarf around his head, lit up a cheap cigarette. Another rickshaw passed, top-heavy with half a dozen schoolchildren perched precariously. I turned around and walked along the corridor stained by betel juice to wait my turn outside the wet bathroom. I bathed noisily out of a metal bucket, using a brass mug to pour water over my head.

My first call was on our stockist, Messrs. Malwa Traders, the leading wholesaler of patent medicines in town. For a 5 percent commission, it served as our stock point for the local retailers and wholesalers who catered to rural clients. I was greeted by the dust-covered and unshaven proprietor, Kewal Ram. He was cleaning his teeth with a neem twig, and had not changed from the lungi he'd slept in. The shop was equally dusty. His open jute bags of grains and chilies sent me into a fit of sneezing.

Kewal Ram ordered tea from the tea stall in front of his shop. I got busy checking our stock. Over tea, we chatted about wholesale rates. "The market is depressed," said Kewal Ram mournfully. Noticing that I was a novice, Kewal Ram decided to take me under his wing, and lectured to me on the devious ways of the market. Meanwhile, two salesmen arrived from a thread-making company. Kewal Ram was their wholesaler but not their stockist. They sat down and tea was again ordered. They too were new men. Shyly, they opened their order books and took an order. Soon they were ready to leave, but the tea had not yet arrived. They asked to be excused as they were in a hurry.

"Ah, but you must have tea," insisted Kewal Ram.

"No, no, heh, you are so kind."

"No, you must have tea!"

"Well, if you insist. But we have to catch the noon train, and many shops still to cover."

"What happened to the tea?" Kewal Ram roared at the tea stall, lifting his finger indignantly. "Bring two glasses of your best special. And quickly." After waiting ten minutes, the salesmen got restless and wanted to leave, but their host was insistent. Again, he shouted across the street, admonishing the tea shop with his finger. Soon the salesmen left, while Kewal Ram continued to curse the tea shop. When they were gone, another cup of tea arrived promptly for me.

Later that evening at the hotel, my "roommate" threw light on the tea episode. "Kewal Ram is both a stockist and a wholesaler," he explained. "His policy is to serve tea only to the salesmen of companies who have appointed him stockist. However, he does not want to appear less hospitable to the others. Therefore, the lifted finger is an old, established signal between him and the tea shop. If he orders tea with a lifted finger, it is understood that tea is not to be served. The old-timers know his ways, but these thread people must have been new. Anyway, everyone gets caught the first time." I wondered how Kewal Ram benefited from this foolish tea policy, which must lose him the goodwill of his suppliers.

On the road, I would typically meet our trade customers in the mornings and consumers in the evenings. In the afternoons, everyone slept. Lunch was always a leisurely meal, since the bazaar closed for the afternoon. I could not get used to sleeping in the afternoon and would read a book instead, sitting on my hotel bed under a fan. Usually I read history, especially about the region that I was visiting. In the evening I would meet consumers, and at night, if I didn't have to catch a train for the next town, I would walk down to a nearby cinema, "check" the advertising commercials of my company, and watch the latest Hindi melodrama. Occasionally I would be expected to hire and supervise schoolboys and girls to sample and demonstrate our products either in the bazaar or at schools and public gatherings. These demonstrations were in accordance with the promotion plans laid down by the advertising department in Bombay, and they supplemented the meager reach of mass media in small towns. The stockist usually contributed part of the cost of these promotions.

By and large my fieldwork went off uneventfully, except in a little trading center called Katni, near Jabalpur, where I was bitten by a poisonous snake. The hostel staff carried me off, not to the local hospital, but to a Parsee cloth merchant. "Stand!" shouted the Parsee as I wobbled before him. While I tried to stand erect, the grave merchant recited a mantra.

"Stamp your foot!" bellowed the Parsee.

I obeyed and again the Parsee repeated the mantra.

"Stamp your foot, twice!" A few minutes later I walked out of the merchant's shop without a limp, fully cured.

In the evenings, the merchants were too busy to talk to me. I used the time to visit the homes of our consumers and write elaborate reports to the advertising manager about my "market research." One day in Surat I learned the most important lesson of my business career.

Surat is a busy trading town 360 kilometers north of Bombay. It was the busiest port and banking center of India before the British built Bombay. In the seventeenth and eighteenth centuries, the bankers of Surat had financed the East India Company's trade to the Far East. I knocked on the door of a Surat home one evening. The woman of the house reluctantly opened the door. After a few preliminaries, I asked her what her family did to treat coughs and colds. Her eyes lit up and her face became animated. She told me that she had discovered the most wonderful solution. She asked me in, went into the kitchen, and brought back a kettle. I thought we were going to have tea. However, she explained that she used this particular kettle for treating her family's colds. "Here, let me show you," she said.

Before I could say anything, she had disappeared into the kitchen. Soon she returned with the kettle full of boiling water. She poured a spoonful of Vicks VapoRub into the kettle and together we inhaled the medicated vapors from the spout. Instead of drinking tea that evening, we inhaled Vicks. When she discovered that I worked for the same company, she was in raptures. She said that her whole family had been raised on Vicks, and to express her gratitude she offered me a box of sweets. As I walked back from her home, I too felt intoxicated. She had infected me with her enthusiasm. More important, I had finally discovered that it was she and millions of mothers like her who paid my salary. From that day onwards I acquired a new respect for my work, which also did a lot for my self-esteem. On returning to Bombay, I quickly persuaded the company to put her ideas in our advertising. Till then I

had believed that my salary came from the payroll clerk, who also doubled as Surin Banta's secretary. Therefore, I was especially nice to her. She was also pretty and I enjoyed doing little favors for her. Now I knew better. It was the same lesson that I had learned on my paper route in Washington.

The bazaar continued to reinforce the message. Every time I ate in a roadside cafe or dhaba, my rice plate would arrive in three minutes flat. If I wanted an extra roti, it would arrive in thirty seconds. In a saree shop, the shopkeeper showed me a hundred sarees even if I did not buy a single one. After I left, he would go through the laborious and thankless job of folding back each saree, one at a time, and placing it back on the shelf. In contrast, when I went to buy a railway ticket, pay my telephone bill, or withdraw money from my nationalized bank, I was mistreated or regarded as a nuisance, and made to wait in a long queue. The bazaar offered outstanding service because the shopkeeper knew that his existence depended on his customer. If he was courteous and offered quality products at a competitive price, his customer rewarded him. If not, his customers deserted him for the shop next door. There was no competition in the railways, telephones, or banks, and their employees could never place the customer in the center.

After two years, I was promoted. I became the first brand manager in the company and I was given our most important brand, Vicks VapoRub, to manage. The first thing I noticed was that my product was growing strongly in the south but having trouble in the north. I asked myself whether I should try to fix the north or capitalize on the momentum in the south. I chose the latter, and it was the right decision. I later discovered that north Indians don't like to rub things on their bodies, but the more important lesson I learned is that it is usually better to build on your strength than to try and correct a weakness. It is wiser to listen to the market than to try to impose your will on it. South Indians were quite happy to rub balms for headaches, colds, body aches, insect bites, and a host of other minor maladies. This made it a large market. However, we also had a big and successful competitor in the south called Amrutanjan balm, which offered relief for all the symptoms mentioned above. My first impulse was to try to expand the use of Vicks VapoRub to other symptoms besides coughs and colds in order to compete in the large south Indian balm market. Banta quickly and wisely put a stop to that. In an uncharacteristically loud voice, he explained that VapoRub's unique function was to relieve colds. "Each object has a function," he said. "A chair's function is to seat a person. A desk is to write on. You do not want to use a chair for writing and a desk for sitting. You never want to mix up functions."

Over the years, I learned that a great part of VapoRub's success in India was because of its clear position in the consumer's mind. It is cold relief in a jar, which a mother rubs on her child's chest at bedtime. Balms are quite the opposite. Adults rub balms on themselves mainly for headaches during the day. VapoRub was succeeding precisely because it was not a balm; it was a rub for colds. Every brand manager after me had to learn that same lesson. It is important to know who and what you are. This did not prevent us from building a successful business with adults, but as Surin Banta used to say, "Adult colds, that is an armchair. But it is still a chair and not a desk."

When I first became brand manager, we were spending most of our advertising budget to promote our products in the winter. It had worked in North America and in Europe, where people caught colds

mainly in that season. However, our monthly volume data stubbornly suggested that we were shipping a lot of VapoRub between July and September, the hot monsoon season. So I got the advertising manager's agreement to bring forward a good chunk of our media money to promote the product in the monsoon months, and we were rewarded with an immediate gain in sales. I followed this up by getting our advertising agency to make a cinema commercial (we had no television then) showing a child playing in the rain and catching a cold. We even coined a new ailment, "wet monsoon colds." Eventually the monsoon season became as important as the winter in terms of sales.

Moves like these made us hugely successful and leaders in market share. But instead of celebrating, Banta seemed to grow depressed. He called me into his office one day and asked how fast the market was growing.

"Ten percent," I said.

"Is that good?"

"The market's been growing 10 percent but our sales have been growing almost 15 percent, and that's why we have become number one in India," I said with pride.

"That's good, but we are still fishing in a small pond. That pond has to become a lake, and then an ocean. You have to grow the market. Only then will we become number one in the world." Banta was right, of course. Despite our success, Vicks VapoRub was still a middle-class product. Although our 19 gram jar sold for only Rs 3.50—cheaper than in any other country—it was still too expensive for the masses. The problem in selling a smaller size was the high cost of a glass jar. Plastics had not yet come of age. Banta pushed us hard to come up with a smaller size. We pushed our suppliers, and one of them came up one day with a 5 gram tin and it eventually provided a major breakthrough.

At first, it was not successful. We took the risk and lowered its price to 10 cents, with the result that it became cheaper to buy four 5 gram tins than one 19 gram jar. The trade thought we had gone crazy. Why would anyone buy the more expensive jar? They would trade down to the tin. However, it did not happen. Why? Because we had positioned the tin for the working class. We were right in believing that the middle class would stay loyal to the middle-class size. The main lesson I learned from wrestling with sizes was that even when you are number one, your job is still to grow the market. You must always benchmark yourself against the best in the world, not just against the local competition. Eventually, the Indian subsidiary became the largest producer of Vicks VapoRub among 130 countries in the world.

We could not have succeeded in building the Vicks business in India without the support of local traders like Kewal Ram. They took our products deep into the hinterland, to every nook and corner of a very large country. We were often tempted to set up an alternative Western-style distribution network. Fortunately, we never did. Instead, we chose each time to continue relying on the indigenous wholesaler system. We appointed the largest wholesaler in each major town to become our exclusive stock point and direct customer, and called him our stockist. Kewal Ram was one such stockist. One of our salesmen visited the stockist monthly, as I had done during my field training, going from shop to shop redistributing our products to the retailers and wholesalers of the town. Over time, the stockists expanded their functions. They hired local salesmen who provided interim coverage of the market between the visits of our salesmen, and also visited satellite villages and helped us penetrate

the interior. They conducted local promotions and advertising campaigns, and they became our ambassadors to the local community. The stockists performed all these services for a 5 percent commission, and they paid us promptly—our receivables averaged six days of sales outstanding. This system allowed us to take Vicks products deep into villages and the smallest towns in the country, and at a very low cost. Too often foreign companies do not value low-cost local infrastructure. They think they have to fashion everything according to a preconceived model.

I never did go back to the academic world. I discovered that I liked the rough-and-tumble of the business life. A few years later my company sent me to our New York headquarters. I also worked in Mexico and Spain for a number of years. In 1981, at the age of thirty-eight, I became head of the Indian company at a time when we were up against a wall. The chemists and pharmacists had united nationwide and decided to boycott our products in a fight for higher margins from the entire industry. Because of price controls, the government did not permit us to raise consumer prices. Thus, we faced a severe profit squeeze if we gave in to the demand of the trade. We decided to fight it out. Those were depressing days as our sales plummeted to zero. Eventually a settlement was reached, but by then all our profits were gone for the year and we had to declare a loss in our annual accounts.

Adversity, however, has its uses. On an especially dreary morning during the crisis, the answer to our problems came as a flash of insight from one of our brilliant Gujarati managers, Bharat Patel. As though he was thinking aloud, he asked, “What if our products were classified as Ayurvedic rather than as Western medicines—how would that help?” Our R&D manager, a Tamil Brahmin named Dr. T. Rajgopalan, decided to humor him. “If Vicks VapoRub and our other Vicks products are all natural, herbal formulas, why can’t we reclassify them as Ayurvedic?” Our Bengali finance manager, S. Bhattacharya, picked up the thread: “If that were possible, then we might escape price control.” Our Marwari company secretary, Mansukh Bangard, added another brick to the castle in the air: “We might also escape from the clutches of the chemists and distribute our products in all sorts of stores.” We looked at each other in disbelief. Dr. Rajgopalan got so excited that he ran to the Ayurvedic library at Bombay University to check if the ingredients in our products could be found in the thousand-year-old Ayurvedic texts. Bhattacharya and Bangard rushed to our lawyers to confirm if the Ayurvedic system of medicine enjoyed special patronage from the government, and if we could change our registration from Western medicine to Indian medicine. If so, could we expand our distribution to food shops, general stores, and street kiosks and thus reduce dependence on the pharmacists?

To our amazement, the answer from the library and the lawyers was “yes.” We tried to suppress our excitement; there was a lot of work to be done. Our lawyers thought that our solution was “perfectly legal, although innovative,” but they added, “It seems too good to be true.” They confirmed that a change in registration would get us out of both price control and distribution control. A new registration would allow us to set up a new plant in a tax-advantaged “backward area,” where we could raise productivity by means of improved technology, better work practices, and lower labor costs. We then went to meet some friendly and objective bureaucrats in Delhi, who were informed that all the ingredients of VapoRub’s formula appeared in the ancient texts. They too felt that the government could not stop us legally. We promptly applied to the local Food and Drug

Administration (FDA) office. The regulators at the FDA could not find a single fault with our case and, to our delight, gave us a new registration.

All our troubles seemed to be over at a stroke! Our sales force heroically and rapidly expanded the distribution of our products to the non-drug trade, tripling the outlets that carried Vicks to roughly 750,000 stores. Our dependence on chemists eventually came down to 30 percent. Consumers were pleased that they could buy our products at every street corner. We quickly built a new plant near Hyderabad which had no union and whose productivity turned out to be six times higher than that of our Bombay plant. With higher prices and better costs, we began to invest aggressively in marketing and advertising. Our after-tax profits rose from 1 percent to 12 percent of sales, and we became a blue chip on the Bombay stock exchange as our share price rose from Rs 30 to Rs 400 within eighteen months. We were careful not to ruffle the government or get too greedy. Technically, the Ayurvedic classification also permitted us to pay a lower excise tax. We deliberately continued to pay tax at a higher rate.

The last installment of this story took place when we decided to return the compliment to the Indian system of medicine. I flew to the United States to try to persuade our headquarters to let us establish an R&D center to investigate other safe and natural Ayurvedic therapies. When I first mooted this idea, our senior managers in Connecticut—we had shifted from New York—practically fell off their chairs. Slowly, however, they became comfortable with the idea. I appealed to their sense of history and destiny. To a member of the Richardson family, who owned a major stake in the company, I said, “Your ancestor in Greensboro, North Carolina, discovered the formula of Vicks from his study of Eastern medicine in the 1890s. Today, a hundred years later, he would be proud of our attempts to do the same.” After much debate, I got their agreement, and a check for two million dollars.

We set up our Ayurvedic labs in Bombay under the leadership of Dr. T. Rajgopalan, who had studied in the United States under a Nobel Prize winner and had worked in the Ciba labs at Basel in Switzerland. He began by creating a computerized data bank of herbs and formulas from the ancient texts; he invented a “fingerprinting” process to standardize herbal raw materials with the help of computers; he organized clinical trials in Bombay hospitals to confirm the safety and efficacy of the new products. His team developed two products, which we sold for many years in the Indian market—Vicks VapoSyrup, an all-natural cough liquid, and Vicks Hotsip, a hot drink for coughs and colds. The lab later became part of Procter & Gamble’s global research network when it bought Vicks in 1986. Unfortunately, the two products never achieved commercial success, and the efforts of the lab were gradually redirected to solve P&G’s global health care agenda. Dr. Rajgopalan went on to win much acclaim and many awards and patents.

The story of Vicks in India illustrates how companies create global brands. There is a popular misconception among managers that you merely need to start with a brand name, create a standardized product, packaging, and advertising, push a button, and bingo—you are on the way to capturing global markets. Marlboro, Coke, Sony, and Levi’s are cited as examples of this strategy. However, if it is so easy, why do so many powerful brands flounder? Without going into the standardization vs. adaptation debate, the Vicks story demonstrates at least one essential ingredient for global market success: *the importance of local conviction*. If local managers believe a product is theirs, then local

consumers will believe it too. Indeed a survey of Indian consumers a few years ago showed that 70 percent of Indian housewives believed Vicks was an Indian brand!

In the United States, where the Vicks business started, managers in the 1970s became persuaded that Vicks VapoRub was old-fashioned “grandmother’s medicine.” Sure enough, the consumer began to feel the same way, and business began to decline. When I moved in 1992 to P&G headquarters, I challenged this assumption. Some managers argued that America had become such a rushed society that mothers no longer had the time to apply a bedtime rub on their children. In the end, they agreed to invest in the brand and they were rewarded, as hundred-year-old VapoRub began to grow again.

Managerial basics, I am convinced, are the same everywhere, in the West and in the Third World. However, you need to do more than push a button on a powerful brand name with a standard product, packaging, and advertising in order to conquer global markets. The key to success is a tremendous amount of local passion for the brand and a feeling of local pride and ownership. Globalization does not mean imposing homogeneous solutions in a pluralistic world. It means having a global vision and strategy, but it also means cultivating roots and individual identities. It means nourishing local insights, but it also means reemploying communicable ideas in new geographies around the world. The more human beings belong to their own time and place, the more they belong to *all* times and places. Today’s best global managers know this truth. They nourish each “blade of grass.”

It would be wrong to conclude from the Vicks story that managing a global brand is purely a local affair. On the contrary, the winners in the new borderless economy will be the brands and companies that make the best use of the richness of experience they acquire from their geographical diversity. Multinational companies have a natural advantage over local companies because they have talented people solving similar problems for identical brands in different parts of the world, and these brand managers can learn from each other’s successes and failures. If a good idea emerges in Egypt, a smart brand manager in Malaysia or Venezuela should at least try it.

The Surat lady’s teakettle became the basis of a national campaign in India. “One-pointedness” emerged from a hole in the wall in Bombay, but it became the fulcrum on which we built an excellent business over a generation. Advertising for colds during the hot monsoon months seems highly parochial, but it taught us the importance of advertising year-round in other countries. The stockist system found applicability in Indonesia and China. Even the Ayurvedic system of medicine might plausibly be reapplied in the form of a safe and efficacious herbal remedy for common, self-limiting ailments in other countries. The Ayurvedic story also taught me that overregulation has bizarre consequences. Great businesses are built through discontinuous ideas, and a good manager, who is one-pointed, knows when to seize them.

Oddly enough, I learned the most valuable lessons about effectiveness in business from Kamble, our security guard at Richardson Hindustan. One evening around seven-thirty, as I was leaving the office, Kamble asked me to check the envelope on his desk. He did not think it was addressed properly and the courier would be there any minute to collect it. He was right. In fact, it was an important tape that our marketing people wanted to rush to the television studios for airing the following day. We quickly telephoned the advertising agency, corrected the address, and repaired the damage.

As I drove home, I recalled that this was not the first time Kamble had saved the situation. He had come to us four years earlier as a “temporary guard” and quietly become indispensable. First, he had learned to operate the telephone switchboard on his own initiative. Next, he had learned to use our complicated photocopying machine. Then, he began to send faxes. Finally, he became expert in fixing any number of things. He knew who was staying late, who was traveling, how to reach anyone’s home. It had got so that if anything was needed after hours, our reaction was, “Where is Kamble?”

When our telephone operator went on maternity leave, Kamble offered to take her place for six weeks. We soon discovered that our telephone service had improved dramatically. Our business associates asked what had happened. For years, they had complained that our phones would ring and ring, and they had resigned themselves to a long wait. Now, to their surprise, our telephones were being answered on the second ring. I asked Kamble. “Well, there might be a customer at the other end,” he replied, “and we might lose an order.” Kamble was too perceptive not to know that our business did not generally come over the telephone, but it was his attitude that mattered.

I asked myself how we could get all our employees to act like Kamble. How could we get everyone in the company to answer their telephones as though there was a customer at the other end? This is the challenge before all managers. How does one get ordinary employees to care for the business as though they are owners, and do extraordinary things? The trouble is that most employees do not see customers when they come to work in the morning. They only see other employees. They see directors, middle managers, junior executives, secretaries, office boys, but they do not see customers. So they get busy in office politics. Directors get absorbed in building empires; middle managers spend their time comparing the size of their office with those of their peers; junior executives are concerned with locating their name on interoffice memos to gauge whether they are rising or falling in the office hierarchy. The irony is that a company makes all its money outside the company—when the customer buys a product—but the employees spend all their time inside, usually arguing over turf.

The answer was clear—we had to take our employees closer to our customers. This might also help to give more meaning to their work. At the next management committee I suggested to our senior managers that all our employees ought to spend two days a year in the bazaar meeting ten consumers and ten retailers, and write a report offering their suggestions. The committee responded enthusiastically and we decided to implement the idea. A year later we discovered that less than a quarter of the people had actually gone to the market. From those who had gone, we got some excellent suggestions on how to improve our products, our work processes, and our behavior. However, among the majority there was great lethargy to break the office routine. The following year we made the visit to the bazaar mandatory—the personnel department withheld salary increments unless it received a copy of the “bazaar report.” Thus, market visits became an annual habit. Once they got to the bazaar, I think most people liked it. They understood why we were in business, and the company got some good suggestions in return.

The point of this symbolic exercise was to drive home the point that one exists because of one’s customers. Once people start to believe this and it becomes widespread in the company, it is translated each day into hundreds of small activities that improve customer satisfaction. The greatest

benefits of this belief come from scientists in product development. If scientists visit the bazaar frequently and early in their careers, they realize that they are working not for “science” but to improve the lives of ordinary consumers. Once the consumer drives R&D efforts, rewards begin to come rapidly. Product improvements acquire urgency. As we stand at the threshold of the new WTO-mandated global economic order, I think this is an important lesson for Indian companies. The only certainty now is that markets are going to become even more competitive. Only companies that are close to their customers will survive.

Kamble was a product of the absence of rigid rules in our small company. The more rules there are, the less people will do on their own, and the more effort they will spend in getting around the rules. Most organizations—whether they are companies, hospitals, schools, or NGOs—operate on the basis that an employee will do something wrong, given half a chance. I have always believed the opposite. The ordinary person will generally do the right thing, left to his or her own devices. The important thing is that people believe that only results will win them rewards. Our personnel department, however, was suspicious of people and it constantly tried to make rules. I, on the other hand, liked ambiguity. Kamble had succeeded precisely because no one knew where his job started and where it ended. If only results matter, then I think ordinary employees will surprise managers by doing extraordinary things.

Everybody in our company used to play a board game during lunch hour. For decades desktops would get emptied between one and two o’clock and our office became a loud youth camp. It bothered our personnel department and it tried to put a stop to this unseemly behavior. I had to gently intervene and explain that playing at lunch might well be the tonic and relaxation that people needed. Perhaps the louder they shouted, the more creative they became. Who really knows the source of human creativity? If you worry too much about appearances, you end up with employees who will give you good appearances. If you only care about results, then employees will give you good results.

It is important not to direct people too much and to let them find their way. It might bring out their creative urges. This is not to say that one abdicates responsibility to train employees. A manager must train his subordinates all the time, and with a passion. But he or she must refrain from controlling them. The best thing a manager can do is to provide clear, ambitious objectives and monitor the work of his subordinates against these objectives. If one trusts people and makes them feel trusted, they will respond. People behave according to the way they are treated.

It is vital that all employees share the company’s mission and objectives. Most companies tend to be secretive and fear that competitors will steal their secrets. Thus, they avoid telling employees the most basic things. They forget that information, especially about goals and performance standards, is a powerful way to motivate employees. In a large organization, people desperately need to feel that there is meaning to their work. There is a story that one day Shah Jehan wanted to know how the Taj Mahal was progressing. To find out, he disguised himself as an old man and went to the site by the Yamuna River. There he came across a stonecutter, whom he asked, “What are you doing?” The stone-cutter was annoyed by the disturbance and said, “Go away old man, don’t you see that I am busy?” The stonecutter’s dedication impressed Shah Jehan. He went to the next stonecutter, and he asked the same question. The second stonecutter was equally impatient and he told the disguised

emperor, “Cutting stone is a great art, old man, and I can’t be answering questions and practicing my art.” Again Shah Jehan was impressed; from his body language he could tell that the man was proud of his professional skills.

Finally, the emperor went to the third stonecutter, to whom he put the same question. “I am building the Taj Mahal, old man, and if I keep answering idle questions, I shall never be able to complete the most beautiful monument on earth.” Shah Jehan returned to his palace much pleased. Clearly the third stonecutter had given the best answer. The first worker represented dedication to work—an honest day’s work for an honest day’s pay. The second showed professional excellence. The third symbolized the power of a shared vision. Too often at the workplace we falter because employees do not share a common goal and pull in different directions. I have found that ordinary people can do extraordinary things when they all focus on a common goal. After the oil shock in the 1980s, Nissan in Japan was able to cut its costs by 30 percent in nine months because all its employees pulled together to achieve the goal. Good managers, I have found, are one-pointed towards a goal. They do very few things. But they make sure that these are the right things. Then they execute them brilliantly. They also seem to have fun doing them.