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bt Net Special

F&B Mythbusting

Just what is happening in India's booming food and beverages (F&B) business space? One helluva lot, according to Sujit Das Munshi, ED, ACNielsen South Asia. Log on for an exclusive column by him that doesn't just look at 'share-of-appetite' trends that F&B professionals cannot afford to miss, but also junks some preconceptions of the Indian palate.

McSwoop

McDonald's with a new CEO back at headquarters, is lowering a price bait to lure the budget-conscious Indian on-the-move bite-grabber. This fits into a broader strategy of multiplying customers that includes reaching out to McSceptics.

More Net Specials

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managing

CAMPUS GREENHOUSES
A Lesson In Entrepreneurship

A clutch of B-schools is taking management education to its next logical step: helping turn business plans into real businesses.

By Venkatesha Babu

Two years ago when sadasivam Ramakrisnan returned to India after spending 13 years in the us working, among others, for DSL technology companies like Aspect and Telera (the latter was acquired by Alcatel in 2002), he was full of hope. The market was booming thanks to the offshoring wave, and it seemed like the right time to launch a tech company of his own. Hooking up with an old colleague Ian Morcott and putting together a business plan, the University of Roorkee (it's now an IIT) computer engineer started doing the rounds of venture capital firms to raise money to get started. Disappointment came quickly "All of them were looking for easy money and had no patience to wait," recalls Ramakrisnan. Courtesy the dotcom fiasco of 2001, most VCs had stopped funding startups and were looking at second- or third-round funding.



"It's not just money that draws people to us. What we offer is an environment and a network in which entrepreneurship can bloom"
Mathew Manimala
Professor Of Organisation Behaviour And The Jamuna Raghavan Chair Professor Of Entrepreneurship / IIMB

Could there possibly be somebody still interested in funding just a business plan? There was, and the discovery of that unlikely source happened almost by chance. At his wife's end, the 41-year-old called up his Roorkee batchmate B. Mahadevan, professor and Chairperson of Production and Operations Management at IIM Bangalore (IIMB). Mahadevan suggested to Ramakrisnan that he try his luck at the B-school's newly opened Nadathur S. Raghavan Centre for Entrepreneurial Learning (NSRCEL, named after the eponymous co-founder of Infosys Technologies who contributed the bulk of the centre's Rs 8.75-crore corpus). As luck would have it, IIMB screened Ramakrisnan's business plan and technological competence and decided to incubate it on campus. That was four months ago, and Ramakrisnan's Voice Tech Solutions is on its way to take on telecom technology biggies like Nortel and Avaya. Says Ramakrisnan: "I was not looking at huge sums as investment. All I wanted was some basic infrastructure and a supportive ecosystem."

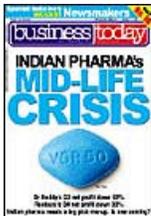


"Being just 27-year-olds, we needed somebody we could consult in full confidence and that's what we got at NSRCEL"
Kalyan Chakravarty
Co-founder / Brain League

Meet the new business incubator on the block the B-school. Universities in the us have been long known to spawn companies (Sun Microsystems, Yahoo, Cisco and Google are just a few examples), but it's only now that India's top educational institutions are waking up to the potential of incubating business ideas into real businesses. IIMB apart, IIM Ahmedabad set up a Centre for Innovation, Incubation and Entrepreneurship in 2001, and IIM Calcutta launched its Centre for Entrepreneurship and Innovation in 2003. Even the relatively new Indian School of Business (ISB) in Hyderabad kick-started in January this year a "business accelerator" called the ISB K-Hub (K for knowledge) with Rs 50 lakh in corpus, which is expected to grow to Rs 10 crore by the end of this year. Another Hyderabad-based B-school, ICFAI has a Centre for Entrepreneurship Development (ICED). (However, IIMB, because of Raghavan's munificence seems to have a greater number of significant and more successful startups to its credit)

In their avatars as incubators, the B-schools offer a range of services: from seed capital to infrastructure to professional advice. For example, Voice Tech gets all the basic facilities like PCs, secretarial help, office space and telecom free of cost from IIMB. In addition, the professors at the institute offer pro bono consultation besides helping Voice Tech network within the IT and VC communities. Says K. Ramachandran,

Professor of Entrepreneurship and Strategy at ISB: "We want to ensure that business schools go beyond producing students with just employability skills. We want to nurture and create entrepreneurs"



What kind of deals do the institutes strike with their investee companies? It depends. To start with, most of them expect to be paid back in cash, but would want equity once the companies are on their feet. Says Sunil Gupta, head of IICED: "Since we want this to be a self-sustaining model, we prefer that companies also give us an equity stake." Adds Manimala, Professor of Organisation Behaviour and the Jamuna Raghavan Chair Professor of Entrepreneurship at IIM-B: "It's not just money that draws people to us. What we offer is an environment and a network in which entrepreneurship can bloom."

Indeed Take the case of Brain League, another NSRCEL beneficiary. Founded by Arun Kishore, a second year PGSM student at IIM-B, and Kalyan Chakravarthy, a visually challenged entrepreneur and a doctoral student at the National Law School of India, Brain League offers intellectual property rights (IPR)-based services and hence did not need so much capital as mentoring. Says Chakravarthy: "Being just 27-year olds, both of us needed somebody we could consult in full confidence and that's what we have got at NSRCEL." Brain League already has three clients (Bangalore Genei, a biotech company, Dr. Reddy's Labs, and Chira Electronics which is into circuits and panel designs) and hopes to be on its own within a year.

Thinking Out Of The Campus

Initially NSRCEL started by offering cash awards to the best business plans of IIM students, who would partake in an annual competition meant for the purpose. However, within two years, the centre realised that while the plans sounded great on paper, few of the winning students wanted to pursue them. Instead, "they were looking for the glory of winning the competition" says Manimala. So instead of giving the winning students cash, the centre decided to fund their business plans. When that didn't yield the desired results either, the centre broadened its scope to fund anybody with a good business plan.



"We want to ensure that business schools go beyond producing students with just employability skills. We want to nurture and create entrepreneurs"

K. Ramachandran
Professor Of Entrepreneurship And Strategy / ISB

NSRCEL, though isn't the only one doing so. At ICFAs entrepreneurship centre, the funding is not just open to all, there's no upper or lower limits to it as well. Funding which comes from the institute's internal accruals is decided case by case.

Still not an easy task by any means, as IICED has discovered. Set up just a year back, the centre has invested in two companies, one of which - ModeFi, a financial software services firm - has shut shop. The other, Goose Technologies which makes tools for project management software, is said to be doing well. (Goose promoter Debashish Patnaik chose not to speak to BT for the story.)

IIM-B, too, has its share of startups that are close to some kind of an inflexion point. One such is SeNet Communications. Founded by Prasanna S. Bidare, an alumnus of Indian Institute of Science, the company is expected to hit the market with what it calls "esat-200", a multi-layered secured zone shell to communicate on IP net. Says Bidare, who was a senior director at San Jose-based Cypress Semiconductors before he founded SeNet: "My vision is to build a world-class product company out of India."

There are two other "incubatees" that NSRCEL has managed to spin off. These are EmbedX, a product development company based on Ediface (embedded device interfacing framework and computing environment), and Metal Technologies which is a niche ITES player. Says Manimala: "It's only a matter of time before world-class companies come out of India. The ingredients are just right." Adds Gupta of IICED: "Academic institutes provide the right kind of environment and I see more companies springing out of campuses."

No doubt, the business ideas that the B-schools get to nurture are typically those that are considered either too risky or too long term by regular venture capitalists. Still, it's conceivable that not too far into the future, one of the B-schools may actually have the pleasure of having fathered a Google or Cisco of India.

