

1950's to early 2000's - 'whom you know'

The single most defining factor for future success (academically, professionally, economically and socially) when my parents (and theirs before them) were born in India was the socio-economic strata of the family they were born to. If you were among the fortunate ~1% of the population which had legacy assets & capital you had no cause for concern. If you were less fortunate and born in a family of less than modest means - your obstacles were endless - everything from getting a quality education to access to satisfactory healthcare posed as insurmountable impediments. The interests of the entitled were well entrenched and high barricades smothered entry into their world of privilege. In this world what mattered most was simply whom you were born to and who you knew - from getting your ailing mother a hospital bed, to making sure your new car is delivered on time. The entitled benefitted disproportionately and often at the expense of those far more competent because their relationships and networks allowed them to leverage India's erstwhile license economy - the large old sector businesses had access to capital, resources and relationships which kept their moats intact. The (often incompetent) children of their chairmen were unanimous replacements when their fathers retired - rather than the very competent managers who had the experiences and capabilities to lead and build on.

mid 2000's to more recently - 'who you are'

India has since dramatically changed. Sure there are still miles to go but the early shoots are visible. Opportunity has emerged in many forms for the well prepared - and those among their generation that have chosen to educate themselves with diligence and perseverance have rarely come from the homes of the erstwhile entitled. The most recent and largest beneficiaries of the rapid growth in information technology, domestic consumption, financial services and internet commerce have rarely been from privilege. IIT & IIM graduates have replaced founders' children among managements and in boardrooms. Several erstwhile successful and large family businesses have languished and wound up because newer, leaner and hungrier competitors challenged and upset the status quo. Children who had grown acquainted to their family wealth and dividends have had to get accustomed to both drying up. Many find themselves operating their old world compasses in a new world where they simply don't work. Fewer people are interested in or have time to listen to who their fathers were and who they happen to know. The determining factor of success has begun to tilt back toward who puts in the most hours of work after 6 am and away from who attends the most number of society parties after 9 pm. Finally, 'who you are' has started to matter more than 'whom you know'.

Indian college students

We occasionally have interns at our office and I enjoy visiting campuses to talk about investing to whoever would care to listen. Most of the hardest working students I've spoken to have been from either smaller towns or distant suburbs of larger cities. I love telling them stories of how most of the 'entitled' are so busy. They are getting short on resources - throwing away fortunes keeping their social statures intact; and time - making sure they see and are being seen at the most important social events. The feedback I get from these students about this alien world are priceless - their eyes glisten when I tell them that for once in this country the entitled are busy with all this noise and their barricades are no longer there! These students have the opportunity their parents never had. They are armed with great skill sets, they have access to exceptional opportunities, and they seek success with far more fervour than incumbents.

Best of both worlds

Some of the most exceptional businesses we've owned have often been at the confluence of old-world resources and new world effort. The rare breed of those endowed with resources but still exemplary embodiments of hard-work, grit and effort are in the small minority of individuals who have proven worthy of their legacies.

I invite your comments (soumil@dmzpartners.in)



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