

The case of the serial entrepreneur

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Abstract

Purpose – The protagonist of the case is Mr. Prasad Dhumal. Prasad is technically gifted and is considered a subject expert in his line. Prasad exhibits all entrepreneurial traits like high energy, positive and a never say die attitude, technical expertise, etc. In a short career span, Prasad has already been instrumental in opening at least 7 different ventures and is now planning the 8th one and hence the name of the case. None of the ventures have survived. This is a classic case of differences between entrepreneurial qualities and managerial qualities, required for the success of a small business.

Design/methodology/approach – The case is ideal for students of management. The focus areas are Career Management and Entrepreneurship. It also discusses the failure of a business unit from a societal and family perspective rather than simply a financial one. The case is also good to impress upon the audience the distinction between entrepreneurial skills and managerial skills. The focus that the protagonist shows in starting multiple ventures is also a good indicator of objective-driven and clear Career Management, but the lack of the identified skill set to run a business.

Findings – The case brings about the clear distinctions between entrepreneurial qualities and managerial qualities. Career Management has three objectives, expression of the self as a person through the activities one does (job/entrepreneurship) and personal fulfilment, to have an effective work-life balance so that the workplace does not become simply a chore and finally financial security which is also expressed as a reward for something one does or contributes. Even a well-defined career management plan may at times, not yield the desired results.

Research limitations/implications – This is an attempt at a case-based approach highlighting how entrepreneurial zeal and drive may not result in a success of a business venture. Further, the case highlights the serious financial and social isolation that the protagonists faced due to his business failures. The basic learnings from the case are as follows: (1) Start-ups go through phase after establishment; (2) The skill set used to start a venture and sustain it are different and (3) The venture has to survive in a business environment on its merits.

Practical implications – It is a good source material for students of entrepreneurship to understand that sound entrepreneurial qualities may not ensure business success. Businesses may require a blend of managerial, strategic and entrepreneurial qualities to help them navigate through the business environment.

Social implications – Although a lot has been written about entrepreneurship, the social implications of a business failure and the impact on the entrepreneurs, his family and his loved ones forms the crux of the case. Financial losses result in social isolation for the protagonist. The humiliation and isolation associated with a business loss and its serious impact on friends and family also is highlighted in the case.

Originality/value – The case is factual and describes the exact entrepreneurial journey of Prasad.

Keywords Entrepreneurship, Business strategy, Family business, Small business management, Entrepreneurship orientation, Entrepreneurial qualities

Paper type Case study

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Prasad - Phase-I

I can accept failure; everyone fails at something. But I can't accept not trying. . . again

Michael Jordan



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Mrs Aarti Dhumal was worried. She had not slept peacefully for a long time, almost ten years. Ten years was a long time.

Prasad: The serial entrepreneur

However, the main cause of her concern, slept blissfully unaware by her side. It was her husband, Prasad. He had just left his job of five years. It was not a great job, and the salary was just about survivable. However, the salary used to give her a sense of stability. It would be consistent, and she could plan her expenses and manage to keep aside a small amount, to manage Prasad's earlier debts in business. To add to her worries, the Dhumal's had a fifteen-year-old daughter who was growing up fast. As a mother, she was worried about her daughter's future. Aarti desperately wanted her husband to hang on to his job. She knew he was not happy or content, but she desperately wanted him to hang on, just for the sake of their future. After all, who gets an **"enjoyable" job?**

As far as Aarti could remember, Prasad was always a highly energetic young man with a dynamic attitude. When he was in college, he had started a business of printing disposable plastic carry bags. He was a fast learner and slowly, he started making and printing carry bags. Carry bags was a booming business due to the customer convenience it provided. The environment norms and restrictions had not started. This was a volume business. The more one produced, greater the market one could capture. There were four other partners. But the unit soon dissolved due to partnership issues.

Subsequently, he became a gym instructor and managed a gym in Akola. He had a passion for body building and this job helped him to be close to his passion. He did not like to work under anyone and hence after he migrated to Pune, he did not pursue this further.

When he returned to Pune after some time, he rejoined his father's business only to branch out on his own with a fabrication unit in Dhairi. Unfortunately, this venture also failed as it was far away from the Industrial Area. Subsequently, he shifted his unit to Bhosari.

This was also the time that he got married. The unit was called Vaibhav Engineers. During this time, the unit got a major order from Reliance Energy Ltd.

As far as Aarti could remember, this was a good phase. She remembered Prasad's elation at getting the Reliance Order, which almost amounted to Rs. 92.00 Lakh. That was a huge amount for Prasad and if he successfully delivered the order, Reliance had committed further orders too. Things were looking up for Prasad and Aarti. However, her enthusiasm was short-lived. Prasad was seriously trying to generate the working capital for this order. Her family and Prasad's had also chipped in with their hard-earned personal savings. After all, theirs was a conservative middle-class family. He was also trying hard for a loan from his bank as he had the Purchase Order from Reliance. The bank kept on committing and recommitting dates, but the loan never materialized. Then one day the Bank Manager confided in Prasad, saying that the market sentiments for Reliance were not conducive and that the bank had reservations about lending to him based on an order from Reliance. Reliance was under a cloud because of the investigations of irregularities against them at that time. The only hope that Prasad had, was extinguished.

One day, early in the morning, Aarti remembered a few guests who had come in with a suitcase to meet Prasad. She did not like the look on their faces but consented to offer them tea for Prasad's sake. She noted that they were carrying legal stamp papers and that Prasad was signing them furiously. She could not fathom what was happening. It did not appear as if he was reading these papers as well. From the tone and manner of these people, she could make out that there was a discussion on borrowing money and the terms for the same. She wanted him to stop and consult the elders in the family. However, the transaction was soon over. Prasad had just borrowed Rs. 5.00 lakh from the local moneylender.

Some of Prasad's friends were very influential and affluent. At least two of them had started business from scratch and had made it extremely successful. This was also a major

source of inspiration for Prasad. They were also willing to lend a helping hand to Prasad, financially. Prasad ended up borrowing Rs. 10.00 lakh from one of his friends based in Nasik.

An Rs. 15.00 lakh working capital loan would not take care of Rs. 92.00 lakh orders. Further, there were payment cycles that would lock money up draining Prasad of precious working capital systematically. However, Prasad had unflinching energy, passion, and drive to make his venture, M/s. Vaibhav Engineers, successful. He would consider all these obstacles only as minor irritants and his focus was on the bigger picture.

Slowly, with time, production at Vaibhav Engineers stopped. Prasad was devastated. After some time, the same men who had come to Aarti's house that fateful morning would start coming at odd times to threaten Prasad for the return of their money. Aarti was worried for Prasad.

His second entrepreneurial venture ended in a loss of Rs. 4.00 lakh that Prasad is yet to repay.

Prasad idolized his father who was a mechanical engineering genius and the industrial belt around Pune would often seek his services for "out of the box" technical solutions. Prasad had inherited his father's genius and wanted to start a fabrication workshop that would be a "one-stop solution". His unit in Bhosari, was the first step in that direction. Prasad continued to do odd jobs for major companies like Thermax, Alfa Laval, Indian Seamless Metal Tubes etc. This was at best an effort at survival.

Aarti remembered these harrowing times. Prasad never let the adverse circumstances affect him. He always believed his time would come. Surely enough after some time, he landed up with major work from Tata International DLT Pvt. Ltd. His job was to provide trailer chassis to them. He soon became the largest supplier of trailer chassis in Pune. Fortunately, the company wanted to double its production capacity. Prasad did not have the working capital, yet again. The Tata group had committed to payments after a stipulated time to facilitate Prasad, but they could not advance any sum of money. That was not their business practice. An assured order, a commitment from a prominent business group, were all recipes for business success. However, the business required capital. This was a concern.

Aarti remembered Prasad seriously hunting for options for financial solutions. All family resources were lost in their earlier venture. Prasad did not trust banks and banks did not trust Prasad. Moreover, his and Aarti's families were getting skeptical of Prasad and did not want to lose hard-earned money on his "so-called business ventures".

His friends then advised him on exploring a partnership option. His financial needs would also be met, and he could also generate much-needed working capital. Thus, he then roped in a so-called "dormant partner" with financial flexibility. The dormant partner started *actively* meddling in the business and in short, there were major issues. Prasad was not able to deliver the chassis in the required number and on the scheduled time. Timely delivery of chassis was critical for the success of this venture. He eventually lost the order and accumulated losses. The losses had now ballooned to Rs. 20.00 lakh.

His earlier entrepreneurial venture had taught him to never keep all his eggs in one basket. As soon as the chinks started appearing in the Tata order, Prasad was smart enough to diversify into the manufacture of VP rings (A part of the LPG cylinder).

As the famous song goes, **"Que Sera Sera, What will be will be. The future is not ours to see. Que Sera Sera."**

Prasad did not see what was coming his way at all. There was a major robbery at his plant. All equipment was stolen along with the raw material. An insider's hand was suspected. Prasad claimed all his team was as good as his brothers and they would never, "stab him in the back". There was hardly anything left to be re-salvaged. Prasad's ego and his luck both were taking a huge beating. Aarti had to enforce upon a specific plan now. She felt it was high time. This had to stop. Prasad's accumulated losses now stood at a whopping Rs. 30.00 lakh.

This was the 3rd business attempt of Prasad that had failed.

Arti's intervention

Arti had no option. She intervened and ensured that Prasad worked in an engineering unit. She made him stop all his entrepreneurial ventures. His salary helped give Aarti a sense of stability, but the accumulated loan remained the same. Prasad was not an engineer by education and his salary was limited. His employers realized his worth, but they would pay a restricted salary of Rs. 30000/- p.m. That was the industrial norm. Prasad would take care of the entire unit but had no say in strategic decisions – both at work and at home. The workplace pressures dominated at work and Aarti would try to run her house on a shoestring budget. In a metropolitan city like Pune, their daughter's education and other meagre survival issues took away the bulk of his salary. A small part would go to the moneylenders. The lender kept on compounding interest and the loan amount kept on multiplying.

The lender also tried the “strong-arm tactics” but thankfully it did not work as Prasad was a “son of the soil” and was extremely well connected. Any threat would be countered with another threat from Prasad's side and the trend continued. The moneylender had now filed a recovery suit against him in the Pune Court under, The Negotiable Instruments, Act (Sec.138) for the bouncing of cheques issued by him. Prasad regularly attends the hearings. Legally, it is also a foregone conclusion that stringent recovery measures meant Prasad would either repay the amount with interest to the lender or face imprisonment. He had little time by his side before the law caught up with him. In such cases, the only legal option available was that the opposing party should withdraw the case and that was far from happening. With Prasad's precarious financial condition, imprisonment was just a matter of time.

His friend from Nasik who had been magnanimous enough to loan him Rs. 10.00 lakh, eventually realized the hopelessness of the situation. Whenever the money was demanded Prasad always committed further new dates which would come after a three or six-month period. Since they were friends earlier, a lot of other friends intervened on behalf of Prasad and spoke for him. The friend soon realized that if he was asking for money, he would never get it back. The friend had even tried to rope in Aarti in his discussions, but Aarti was helpless and could do nothing but cry at Prasad's helplessness. Any call to Prasad regarding the loan recovery would either result in fresh, “stories”, new dates, or something equally improbable. Aarti often wondered if she should intervene again and tell Prasad's friend that recovery of his money would take some time and that he should please be patient. However, even she was not that close to Prasad's friend for her to appeal and the friend to listen.

Prasad's friend soon realized that when friends borrow money amongst themselves, both the friendship is lost and so is the money. His friend's patience was becoming thin. After some time, he went on to hire a local recovery agent to recover his money. A local money recovery agent is also a nice way of saying that professional “underworld” recovery men were roped in for recovering money. The friend knowing fully well that a percentage of the recovered money would have to be paid as services still preferred to retain their “services”.

Aarti had put the entire ordeal to what Pune based Maharashtrians called, “*sade sathi*” or a seven and a half-year-old plain bad luck period. This period was bleak. Even bad luck would excuse itself from what would happen next.

It was not that Prasad was aloof from what was happening to his family. There were times when even his local connections were not able to help.

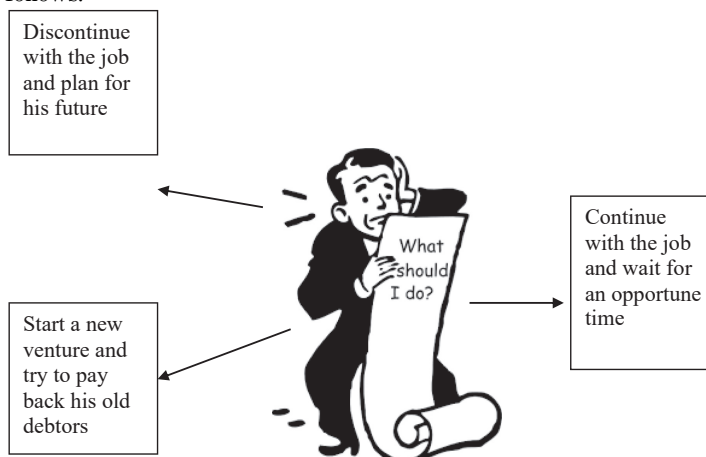
Both Prasad's family and Aarti's were extremely agitated with Prasad. They did not entertain him, nor back him. They felt and also voiced out aloud their apprehensions, that, “*yeh nahi sudhrega. . . .bade aaye business karenge. . . bada aadmi banenge. . .*” etc etc. His situation was making Prasad very thick-skinned and resilient. His self-respect had gone. Aarti could see that he was a shadow of his normal exuberant self. She was very much afraid for Prasad. However, hard she tried the finances could never be managed. A thirty-thousand-rupee salary taking care of a thirty-lakh loan seemed endless and quite improbable.

After five years of service, Prasad had gone and done it again. He had resigned from his job. He wanted to go back into the business and felt he had a serious shot at his personal loan repayment as an entrepreneur rather than as an employee. His immediate driving force was his outstanding dues that remained the same, right from the time he had started his business till the time he had been repaying the loans. He was also sick and tired of his life. He kept on telling Aarti that their lives would take a turn for the better only if he would go back to business and increase his earning capacity. He was tired of reacting to situations, of the continual threats and the perpetual reminders from all and sundry, as a “failure”. He had tried to explain his situation to Aarti. He was stagnating at the workplace and there was no growth. He also tried to explain things to his family, but no one was really listening. **So, one fine day he resigned.**

Prasad felt he was listening to an inner voice, an inner calling that would show him the right direction.

Prasad-Phase-II

Not going to work gave Prasad an element of freedom. He had time to think, analyze and choose, not that the options were phenomenal or great. In simple words, it could be depicted as follows: -



Each box was a question mark on Prasad's future. In a single word, it was **bleak**.

The question marks were haunting Prasad so much so that he decided to meet an old friend. His name was Tushar, and he ran a successful printing solutions organization. The visit was unplanned and when Prasad reached Tushar's office there were already a few guests there. Prasad decided to wait for some time, but Tushar invited him to join the group.

Prasad: An informal focus group discussion

The group consisted of a common friend Vivek, a professor of marketing, Ravi, and another businessman from Pune, Khushal. Tushar was very much aware of Prasad's financial condition. He used to counsel him regularly. The group had good collective experience in business and Prasad thought now was a good time to put all his cards on the table and ask this august audience for a practical solution to an impractical mess that he had created.

Some consensus views that emerged after their deliberations were as follows:

- (1) A fixed salary would not solve Prasad's problem of repaying his old dues, unless the salary became phenomenal, which was realistically not going to happen.

- (2) As Prasad had deliberated and thought about, the loan repayment option was only possible through increased earnings and business would provide an ideal platform for the same.
- (3) The major question remained. What business and who will fund it?

The individual contributions of each of the members during the brainstorming were as follows (see [Table 1](#)):

After the deliberations, Prasad felt deeply inclined towards Professor Ravi. He felt that they did share something in common and that only another person who had gone through this turbulence would understand him better. The Professor also took time out and interacted with Prasad many times. These meetings would normally take place at Tushar’s office. After every meeting, Tushar would also share his insights based on his personal business experience.

The Professor wanted Prasad to focus on the following, urgently: -

- (1) To meet all his old creditors which included his earlier friend and his partner and clearly define what he planned and how it would be helpful in repaying the loan. He had to take them into confidence and convince them to grant him time. This was imperative to succeed.
- (2) The Professor does not want Prasad to make any false commitments but provide realistic estimates and he insisted upon no lying. This situation demanded absolute transparency. This will help Prasad focus only on business and not on, “fire-fighting” of repaying dues.
- (3) Decide upon the new line of business and think of at least few realistic options.
- (4) Work on the financial requirements of each of these projects very minutely.

Tushar	Professor of marketing- Ravi	Common friend-Vivek	Businessman friend- Khushal
Has a serious issue with the discipline of his friend, Prasad in maintaining a business? After all, how can an entire shop floor be stolen?	Empathizes with Prasad. Has been in a similar business situation like Prasad and hence understands him well	He wants Prasad to listen to his elders in the family and seasoned veterans in business, before taking a call	Prasad is not cut out for business. He needs to discipline his spending and repay back the loans. It would take time but was not impossible
Feels he feeds on the, “my fate, my destiny crutch” and is a sympathy seeker	Knows the situation. Knows what it feels like to be “frozen”. Has witnessed the humility of “failure” and rejection from friends and family	Prasad should take his family into confidence before doing anything else. Leaving the job without consulting them was not correct	Still links Prasad’s failures to not reading the environment well and not reacting properly. That is not a businessman’s trait
Tushar feels he needs to be honest with himself before anything else	He feels that Prasad needs to be made clutter-free of loan related issues and then he would start earning, afresh	Prasad needs to understand that he is not, “alone” but that his friends were with him, always	If a business must be started, then what business and where would the funds for the same come from?
He has the potential to be the best, but he does not have the patience	Better counselling will help Prasad. His confidence must be boosted, and things would be just fine	Should not venture out into business, especially for his family’s sake	Needs to invest time in understanding business finance and business cycles

Table 1.
Responses to Prasad’s predicament

Professor Ravi felt that it was important for Prasad to critically analyze himself and his business decisions. He felt, that Prasad needed to be realistic and needed to have a critical self-analysis of his situation, both personally and in business. "A look in the mirror" is how Professor Ravi thought about it. He thus decided to create a self-analysis questionnaire for Prasad. Prasad was to reflect, analyze and commit himself to the path ahead.

Prasad: critical self analysis of Prasad based on Prof. Ravi's questionnaire

Name of Entrepreneur: Mr Prasad Dhupal

(The responses are as is, some grammatical errors may not be ruled out)

Self (All these sets of following questions are with respect to your personal self, goals, aspirations, aims, objectives, fears and anxieties due to your current situation etc.)

(1) Why do you want to start a business?

First, business is my passion. Hindi me hum log, "*keeda kah sakate hai*". For day to day needs everybody must earn and for that, you can be an employee or employer. I have started earning as a self-employed person, and that continued till my business collapsed. Then for survival, I joined an Engineering Unit as a Works Manager. It was a compromise, or it was necessary. But I can't cooperate with the system as an employee. I don't have any satisfaction as an employee. Also, my financial arrears were not getting covered. In all those conditions I have only one choice which is to start again.

(2) What are your personal goals/aims/objectives/motives w. r. t. this venture you propose to start? (Try to answer in one word each to the extent possible. There could be many such words, each word describing your passion. For example, Success or freedom from routine or creativity etc.)

There are financial burdens in my last business adventure; my first goal is to clear all those arrears. The aim, ambitions come later.

(3) Has this goal remained with you for a long time? Have you thought of, dreamt of this goal for some time? If so, how much time?

(Be specific and try to think about that landmark in time, since when you started thinking about this goal.)

About goals or dreams, right now I am not that ambitious; first, I want to come out of this situation. About landmarks, I am not able to think about it. But yes, my ambition was that I have a big unit where every facility of fabrication on metal should be available, and the job once accepted, will be delivered with all the necessary operations, inspections, trials, and finally with a necessary quote/price. That was my ambition.

(4) Could you identify a triggering point for this ambition/goal (it could be an incident, some incite that someone shared or a gap that you have realized, you could fulfil?

Sorry, I don't know exactly, but I am belonging to a family whose background is related to metal processing from 2/3 generations. I might be inspired by the situations I have seen, and my father was a very enthusiastic person. In his dictionary word, "NO" was not available. I was very much inspired by him.

(5) What is the "problem" or "gap" that you intend to solve/address through your business?

My English is weak. I have not understood this question.

(6) Can you define your earlier attempts at trying to achieve your passion/goal? (List down all your attempts. for ex. meeting with a friend and discussing your proposal or starting a new venture/(s) or enrolling for a training session etc. and so on.

- I was studying in college, and I started a business. I used to get orders of printed carry bags and get them done by manufacturers or suppliers.
 - Then started the bag making unit with 4 other persons who were operators and accountants in bag making unit. It lasted for two and half years only.
 - Then I started the individual business of printing on bags and stationery also. It worked for two years only. Simultaneously I was working as a gymnasium instructor, and at that time I got an opportunity, and I went to Akola as a Gym Manager cum Staff Trainer.
 - After coming back, I was sure in mind that I will start a business as a fabricator. I again joined my family business for some time and started my own unit in Dhairi.
 - In Dhairi, I found it difficult to get industrial business, so I shifted to Bhosari. There I did a good business and was doing good meantime; I grabbed an order from Reliance Energy Ltd. which was a big deal (that time in 2002 – about 92 Lakhs PO was drawn in favour of my unit Vaibhav Engineers). Unfortunately, my bankers did not support me, and it collapsed.
 - Still, I was in Bhosari & doing jobs in my capacity for companies like Thermax Ltd., Alfa Laval, Indian Seamless Steels and Alloys Ltd. etc. and then I got an opportunity from Tata International DLT Pvt. Ltd., They offered me the business of providing trailer chassis to them. Within a few months, I was the highest supplier to them. It lasted not more than 20-22 months mean time TI DLT people were forcing me to enhance the capacity to exactly double the number, but due to space restrictions, I agreed on 50%, and invested the money to enhance production. Then recession arrived so strongly, that I was not able to withstand those circumstances.
 - In that situation also. I had not collapsed. I had again started VP rings manufacturing unit and simultaneously was planning to develop a big unit for trailers manufacturing of my own brand. I hired a large premise and started working on suitable developments in the same, but unfortunately, the place where I was making VP rings got robbed and I had to bear a massive setback both financially and mentally also. I left all my planning, investments as it is.
- (7) What according to you is the greatest hindrance/obstacle (IN YOU PERSONALLY) in achieving this goal? (Please do not consider financial investment to be an obstacle. Think of your personal traits/qualities that are not helping you achieves your goal and list them down.)

It might be very high ambition without thinking money in my own pocket was the main obstacle. i.e., financial unawareness.

- (8) If you had started a business venture and the same failed according to your expectations, what were the reasons for the same strategically? (Critically analyze the same. Write the name of the venture when it started and the reasons that it failed. Again, the reasons must be specified in one word to the extent possible. Do not write lengthy verbose statements. For ex. lack of capital, partnership issues, changing markets etc.)

Venture-I-

Date of Establishment: 1988 Plastic bags trading

Critical Analysis: The business did not fail but merged the business venture with 4 others.

Venture-II-

Date of Establishment: 1990–91

Critical Analysis: It was doing well enough, but 5 persons with different attitudes, different classes, and cultures also different individual needs. In this scenario what will happen? Due to improper share allotments first, I left the venture with satisfactory returns, but unfortunately, after my stepping out it did not last for more than 2 years.

Venture – III

Date of Establishment: Mid 1992

Critical Analysis: It was a small business and there was much more dependent on artists, proper colours, material availability and printers. I was not happy.

Venture – IV

Date of Establishment: 1996

Critical Analysis: It was difficult to survive getting business in Dhairi, so I just shifted the fabrication unit to Bhosari with the same business and employees also.

Venture – V

Date of Establishment: 1998–2006

Critical Analysis: It was a better and steady period I was growing slowly, and I grabbed the Reliance order. In this adventure, I got first set back, but I was strong enough to bear the same, (The reasons mentioned earlier) and still was working slowly. Due to my previous reputation TI- DLT (Tata International DLT Pvt. Ltd.) people approached me, and I then started this unit in Chakan.

Venture – VI

Date of Establishment: 2006 – 2008

Critical Analysis: There was no business for the first 6 months then for the next 18–20 months I was the highest supplier to TATA's. In mid-2007 Tata management proposed increasing capacity to double the amount. Unfortunately, due to space constraints, I agreed to 1.5 times, and made provisions from private bankers, from friends and my own contribution also was there but due to heavy "recession" market collapsed in 2008. Simultaneously, my business also collapsed. Tata's were expecting and projecting sales of 5000 trailers per month. They insisted that I should invest and unfortunately for almost the next 18 months not a single trailer was there in my shop to manufacture. I was exclusively working for TATA's and that was a serious fault. The market collapsed in such a way that to switch over to another industry was quite impossible. I just wound up the business due to heavy expenses.

Venture – VII

Date of Establishment: 2009

Critical Analysis: Hired a small shop and started to develop VP rings (A part of the LPG gas cylinders). After successful trials sold out the 2-3 lots of rings, simultaneously I had the "KEEDA" to sell the trailers with my own brand and for that hired other huge premises about 2.5 acres land and 9000 sq. ft. covered premises, were overhead crane provision was not available in that premises and due to that problem I had to compromise with Tata supply and in the meantime my shop where I was making VP rings get "robbed". Almost all ready rings, tooling and necessary equipment were stolen. It was shocking. No more words.

- (9) What are your immediate family's/friends' reactions to your becoming a self-motivated entrepreneur? Are they supportive? If so, why? (enlist the reasons your wife, parents, close friends etc. have cited in support of the venture).

Family members were not supportive, they are still in the shadow of set back, wife is not whole heartily but partially supportive because how to pay back the arrears is the problem, also she also had to face some bad times during recovery. Other members are not supportive because they are observing my life during my service as an employee. They don't have an answer on how I will clear my dues.

(10) What if the proposed business venture fails? What is your backup plan?

Proposed business planning is based on previous experience where I already did the same, also right now we are considering just the 1% market share which practically must not be difficult to sell. I also have adequate experience with production.

Back up plan is simultaneously working on Ghee manufacturing. It is also initially based on volume. Simultaneously, we can develop the brand. The market survey is favourable. Also, ghee does not have a particular expiry date. It is non-perishable also termite problem is not there. It doesn't need refrigeration. So, storage is also not difficult. Initial capital investment is also reasonable.

End of questionnaire

It must have taken Prasad at least two to three days to send back the questionnaire, honestly filled, thought off and contemplated on, back to Prof. Ravi. Ravi had initiated a deep thought-provoking analysis from Prasad and he hoped that this would help him charter his future plans. There were gross mistakes, negligence and a lack of thought in most of Prasad's ventures. He was an impulsive entrepreneur, but a horrible manager.

Lastly, Ravi decided to make Prasad interact with a senior Professor from the Human Resource domain, Prof. Rattan. Prof. Rattan had passed out from the prestigious IIM –Calcutta and had a rich work experience with Marico Industries, before foraying into teaching. He had gone through the questionnaire and was interested in interaction with Prasad himself. After the scheduled meeting with Prasad, which lasted for almost an hour, Prof. Rattan had the following observations: -

- (1) Just because Prasad had huge debts is no reason any of his future enterprises would or would not do well. Any unit functions based on the clarity of its objectives. A prior loan or business failure would not substantiate a new venture succeeding or failing. This unit would have to stand on its own and fight the economic and business uncertainties.
- (2) Prof. Rattan admitted that he was not the right person to judge Prasad's technical skills.
- (3) The basic question also was who or which organization would fund Prasad. His track record was not good at all.
- (4) Lastly what would this so-called project be? This new project, as a stand-alone project had to be evaluated on its own merits/demerits and not on Prasad's history. If this project was not finalized, success or failure could at best be only conjectured.
- (5) Personally Prof. Rattan felt that Prasad though dynamic needs to be aware of his business environment. It is not just okay to be technically proficient, but running a business requires many other managerial skills, which Prasad is woefully short of.

Lastly, there has been a recent marriage in the Dhumal family. Prasad's niece has been wed into an affluent politically well-connected family from Pune. This family owns and operates several major Cooperative banks in Pune. Prasad has just got an assurance of an Rs. 30 lakh loan from his "new" relatives.

Should Prasad take up this chance???

Teaching notes

- (1) Target Audience

PGDM, MBA, Management Programmes

Executive MBA

Industry Training Programmes

Students of Entrepreneurship, family business, small businesses, etc. for any course.

(2) Theories/Concepts/Models Explored

Career Management

Entrepreneurship

Small and Family Business

(3) Case Synopsis

- Relevant Facts

- The protagonist of the case is Mr. Prasad Dhumal. He is from a middle-class family in Pune. He has been exposed to the areas of fabrication and metal processing because of his father's expertise in that area and because his family has been engaged in this activity for the last two – to three generations.
- Prasad exhibits all entrepreneurial traits like high energy, positive and a never say die attitude, technical expertise, etc.
- In a short career span, he has already been instrumental in opening at least 7 different ventures and is now planning the 8th one and hence the name of the case.
- He has been suffering massive financial losses in the last three to four ventures and the same has also taken a toll on his family. His wife has been subject to the worst forms of mental pressures which includes threats from recovery agents, the family been looked down upon and constant ridicule etc. and is craving for stability even if it means less income. The existence of Prasad and his family as also his marriage are at stake.
- Despite all these odds, Prasad has gone and done it again by resigning his job of the last five years only because he feels that he has a decent chance of repaying his old debts only if he were to start a venture and not if he works with a stable but small income.
- In this possible last-ditch effort Prasad is highly isolated from his family, friends and well-wishers as they seriously doubt his capacity to manage a unit.
- The only saving grace is no one doubts his technical expertise and the market still appreciates his skills
- The case highlights his entrepreneurial journey from the start of his first entrepreneurial venture to when he starts failing, the impact on himself and his family, the looking down by the society, the financial implications of repaying old loans, all through his wife's perspective.
- Can Prasad achieve a turnaround for himself and more so for his near and dear ones? That is the subject matter of the case.

Prasad, comes out as a strong-willed person. He is a leader in his own right. Despite the odds being against him for such a long period of time, the leader in him still feels that there is a chance of success through future entrepreneurial ventures. He is very categorical about the fact that his salvation from his present predicament is only through a successful entrepreneurial venture. His credentials as a leader are thus established. The positiveness or the negative of his leadership style is debatable.

The case
of the serial
entrepreneur

When an attempt was made to combine entrepreneurship style and leadership and study its impact on the venture/firm, it was found to have a strong influence on business performance. Higher levels of entrepreneurship orientation can contribute to business performance. Traditional studies according to the Covin and Slevin model assumes that an entrepreneurship orientation and business performance are positively correlated (Chung-Wen, 2008).

This is not the case with Prasad as his high entrepreneurship orientation is not backed by sufficient business acumen. Prasad exhibits above average risk-taking abilities as is evident from his serial ventures. Risk taking does not feature as the significant contributor to business performance. As the research paper by Kuratko and Hodgetts suggest, entrepreneurs are not gamblers. Transformational leadership which Prasad has along with a high entrepreneurship orientation has a better chance for success. However, entrepreneurship orientation for Prasad has proved to be debatable.

- The Target Audience

The case is ideal for students of management. The focus areas are Career Management and Entrepreneurship. It also discusses the failure of a business unit from a societal and family perspective rather than simply a financial one. The case is also good to impress upon the audience the distinction between entrepreneurial skills, leadership styles, and managerial skills. The focus that the protagonist shows in starting multiple ventures is also a good indicator of objective-driven and clear Career Management, but the lack of the identified skill set to run a business.

Teaching and learning objectives of the case:

(1) Teaching Objectives:

- Create awareness that skill sets required to start a venture are markedly different from the skill sets required to manage a venture. The case brings about the clear distinctions between entrepreneurial qualities and managerial qualities.
- Career Management has three objectives, expression of the self as a person through the activities one does (job/entrepreneurship) and personal fulfilment, to have an effective work-life balance so that the workplace does not become simply a chore and finally financial security which is also expressed as a reward for something one does or contributes. Even a well-defined career management plan may at times, not yield the desired results.
- A high entrepreneurial orientation (EO) and a very high transformational leadership style has a higher chance of business success. However, this may not always ensure business success. Prasad has shown high (EO), but success still eludes him.

(2) Learning Objectives

- Participants would become aware of what forms the “Context” for each of the concerned parties i.e. What are the “Frames” from which each of them sees the existing situation.
- Obstacles that are foreseen as coming in the way – awareness of the other objections or rationalizations that people come up with for avoiding action. These become Limiting Beliefs that prevent them from taking action.
- Ways by which these limitations can be overcome, and actions that can be experimented with.

- Exploring entrepreneurship and career management as effective tools, but not absolute tools by understanding the scope of the subject. Change of perspective in the career is one of the key areas of Career Management.
- (3) Teaching Approach:
- Participants are expected to have studied the scenario individually and formed their opinions about what needs to be done.
 - The case lends itself well to small group discussions, ideally, after people have formed their individual views. Approximately, 30 minutes can be given to groups to come to a consensus regarding what they would actually do in such a situation. These groups are then asked to present their conclusions to the larger Group.
 - At the end of the group presentations, debriefing is done by the faculty, during which the learning concepts are summarized, and doubts clarified.
 - The students need to realize that a high entrepreneurial orientation may not lead to a success in business.
- (4) Possible Questions for Class Discussion/Assignment:
- What factors form the “Context” for any given situation?
 - How can the “Frames” through which a situation is seen be broadened so that the impact of one’s actions on all stakeholders is visible?
 - “Entrepreneurs are born and not made”. Substantiate this statement.
 - What are the characteristics of a successful entrepreneur?
 - Career Management is about various forms of expressing yourself through your work. Validate.

Additional readings

- (1) The Compromise Trap by Elizabeth Doty, BK Publishers
- (2) Stay Hungry Stay Foolish by Rashmi Bansal, CIIE, IIM Ahmedabad
- (3) Go Kiss the World by Subroto Bagchi, Penguin Publications
- (4) The Dip: A little book that teaches you when to Quit (And when to stick) by Seth Godin, Penguin Publications

References

Chung-Wen, Y. (2008). The relationships among leadership styles, entrepreneurial orientation, and business performance. *Managing Global Transitions*, 6(3), 257.

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