

'STRATEGY
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Financial Express

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TCI's Vineet Agarwal marries the learning from his management education with the experience of his trucking operation to rake in profits even in the downturn, says Ashutosh Kumar. Photographs by Manoj Kumar



HE may have forayed into running as an amateur with just 21 kms to his credit in last November's Delhi half marathon, but the course record of the 36-year-old executive director of the Bombay Stock Exchange-listed logistics major, Transport Corporation of India (TCI), Vineet Agarwal, is immaculate in terms of steering the business even during the downturn and otherwise.

Agarwal, who is hopeful that the company will clock positive growth for the financial year 2009, attributes it to the learning experiences during late

1990s, when TCI started looking beyond mere trucking operations to tap new vistas such as express cargo, supply chain solutions, and seaways. In fact, the experiences of the late 90s have come in quite handy for the company to tide over the current economic scenario.

"Several times when the business was not doing well, we realised that we need to diversify. So, ten years ago, trucking used to be 100% of our business. But today, we are into express cargo, supply chain solutions and seaways with our own ships and we have expanded overseas also. Those low points have made us realise that we have to look at how we can add value to the customer and that value addition will come back to us

automatically. Otherwise, it would have been difficult to survive in the competitive trucking market," says Agarwal.

So, what is the strategy for the company, which had to shelve its Rs 200-crore expansion plan focused on acquiring ships, trucks and warehousing space by 2010. "Strategy cannot be fixed in stone. We have to continuously look at changes. In the present circumstances when the uncertainty is much higher, our strategy is going to be more dynamic and responsive. We would keep looking at value-added products that we can add to the business and ensure profitability," says Agarwal.

"Going forward, we expect certain sections of the economy to grow. Like retail in some formats will grow, telecom is a growth sector, anything related with FMCG will grow. Agri business, and cold chain related businesses will grow. Again, we have to take long-term approach to things rather than short-term one. However, in the short term, we have looked at the ways we can optimise our business," he said.

Agarwal, who understands every nuance of the logistics and supply chain business, had humble beginning in the company founded by his grandfather as a one-man, one-truck, one-office, in

I RAN THE DELHI HALF MARATHON IN NOVEMBER AND I AM TRAINING TO DO THE FULL MARATHON

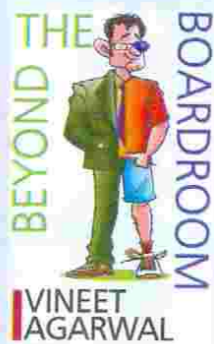
1958. After completing his schooling from Delhi's DPS R K Puram, he went to the Carnegie Mellon university in the US and came back to join the family business in January 1996.

"When I was in the college, I used to come back and work as an intern in the company's various divisions. So, for almost two years, I did not have a desk and I used to be involved only at the field level and oversaw the loading of trucks and mark crates. I travelled for around 20-25 days in a month all around India trying to understand the geographical nature, routes, and how the business

is run locally. In 1996, we had almost 800 offices, today we have 1,200. So, it was a challenge to understand how cargo moves from one place to another, what are the types of industries in a zone, and how it affects the rest of the country," he said.

"It is very important to understand all types of our customers from the smallest trader to big corporates. Visiting all these people was very important. However, what was very clear in my mind and the way the company was being run that we have to start at the ground level and we have to understand how things work at that level. That contributed as a very relevant experience. Otherwise you do not get to understand what is happening locally," says Agarwal.

The contrasting worldviews of studies in America and operating at the ground level doing loading and unloading of trucks in India were experiences that deepened his intimacy with the country as well as his company. "It was an experience what we call as the discovery of India. And it is in that sense really knowing about the country, about the traditions, the language, the culture, the food and our people. We have 6,500 people. At that time we had about 3,000-odd people. There were people from all over the country. Knowing about them was one of the most



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valuable experiences," he says.

With the restructuring of the business and introduction of new products during 1998-99, Agarwal, too, got roped into more core business activities. "When I joined the business, it was going through a restructuring. There were a lot of new changes that were happening and we were also introducing new products. The head office moved from Secunderabad to Delhi and we decided to introduce new product XPS in 1998-99. Somewhere in the middle, I also started getting involved in strategic decisions with TCI XPS, marketing, business development and finance. My father was instrumental in pushing me to understand every aspect of business in detail. So that continued and after two years I was appointed as a director of the company," said Agarwal.

His younger brother Chander Agarwal joined the business seven years ago. Since then, the bigger decisions are taken by the family collectively. "We share important issues with one other and collectively take a decision. If I am stuck with any issues, we discuss those out and I get their support," says Agarwal.

Graduating in business was accompanied by developments in his family life. Agarwal tied the marital knot with Priyanka in 1998. Life for Agarwal "has been excellent" after marriage. "I think you sort of evolve from a situation of working in your business. Having a family brings its own stability with it. It's a different kind of freedom in many ways because you get to do a lot more together and experience the world in a different manner and live your life fuller. So it has been a great experience," he says.

"My wife Priyanka's present full-time job is taking care of the kids but she is active in many organisations, including our own foundation. She is also chairperson, young Ficci ladies organisation," says Agarwal.

Agarwal relishes being with his children. "My

(Above) Vineet with wife Priyanka, elder son Vihaan and younger son Nav; (right) with father DP Agarwal and brother Chander Agarwal



elder son Vihaan is going to turn five in a few days from now and my younger son Nav has just turned two. I think as any parent, we all have certain dreams about what the children should be like. However, in the changed circumstances, I think we cannot force anyone to be what we want them to be. So my wife and I are both very open on whatever they want to be and do in life."

Apart from spending time with his children, Agarwal has keen interest in reading books and magazines, and writing. However, there is a precision with which he chooses a book and there is a reason behind it. "Any book we read has to be good. To find out which book is good, I do a bit of research by going over comments by informed people on the subject. I think if you live up to sixty and read even 20-25 books a year, you will not be able to read more than 1,500 books in a lifetime. So, you have to be very selective about what you read. And most people do not think about it that way. They move from one book to another, not realising that they are not getting the full value of the time. So, I end up reading a fiction and a non-fiction every month. And because I am traveling I get to read a lot more. I really enjoy surfing magazines like the *Economist* and daily read three

FACT FILE

▶ Vineet Agarwal joined the family-owned business in 1996 after finishing graduation in Econometrics and Industrial Management from Carnegie Mellon University, USA

▶ TCI, the market leader of the Indian logistics sector, has a turnover of Rs 1,500 crore. The company manages and owns 7,000 trucks

▶ Under his directorship, the company has received the design patent for the TCI three-deck all-purpose vehicle carrier

▶ He founded the India chapter of the Council of Supply Chain Management professionals

to four newspapers. Apart from that, I write occasionally more on the business subjects but I do intend to write more seriously," he says. Of late, Agarwal has been harnessing a new passion, running. "In the last three years or so, I started running as a part of sports. I ran the Delhi half marathon 21 km in November and I am training to do the full marathon," says Agarwal.