

Need a strong entrepreneurial base

By A V Vedpuriswar & Surajit Pal

For Hyderabad to emerge as a world-class business city, the need of the hour is to develop a strong entrepreneurial base. The world over it has been seen that it is the Small and Medium Enterprises (SME) which create a vibrant industrial climate, where entrepreneurship thrives. In countries like Taiwan, a major part of the economy revolves around SMEs. Even in the most celebrated business districts of the world like Silicon Valley, it is the small units which generate jobs, attract talented people and create an environment where people are tempted to leave their jobs and start something of their own. This indeed is the essence of an entrepreneurial climate.

Hyderabad is not short of entrepreneurs. Indeed, among the south Indian cities, it has probably the largest number of them. Unfortunately, the quality of entrepreneurship has been disappointing. According to T Muralidharan, Managing Director & CEO, TMI Network, an entrepreneur should have a vision, a strong commitment to the venture he launches and should be passionate about what he does. Unfortunately, Hyderabad entrepreneurs, barring aside a few exceptions, are short on all the three attributes. They have been quick to jump into new businesses without the faintest inkling of what they are getting into and equally quick to jump out when the going gets tough.

To launch a business, there are two basic requirements – the required competency/knowledge/experience and capital. Most Hyderabad businessmen seem to have the strong belief that money can compensate for their lack of competency. Muralidharan feels that this money driven entrepreneurship in Hyderabad is the basic problem. We must remember that in today's rapidly globalising economy, capital flows wherever there are good opportunities. Youngsters, who don't own a business suit have been known to tie up millions of dollars in venture capital in Silicon Valley! People like Narayana Moorthy of Infosys did not really have big money with them when they launched their companies. But their vision, commitment and passion succeeded in attracting capital. Indeed in the knowledge economy, capital has ceased to be a pressing issue. According to the famous management guru and Harvard Business School professor, Rosabeth Moss Kanter, it is the ability to control intangible assets such as knowledge rather than factors of production that has become the critical success factor.

Unfortunately, Hyderabad, notwithstanding its rapid growth in recent times, seems to be moving in the wrong direction. The type of businesses it is attracting (like call centres and medical transcription) is not the stuff of which true entrepreneurship is made. This would not come as a surprise to people familiar with the city. In the past, Hyderabad has seen money from real estate and agriculture being pumped into areas like granite and aqua culture in a totally opportunistic way. Indeed, short sightedness and opportunism seem to be the bane of Hyderabad entrepreneurship. This as Muralidharan, correctly points out is unlike say Bangalore, where entrepreneurship has been driven by competency and knowledge rather than by wealth.

Hyderabad needs to make a clean break from the past. It must invest in creating a new entrepreneurial climate. Rather than attempting to change the mindset of the current breed of local businessmen, it should encourage a new breed of entrepreneurs on an urgent basis. It should motivate qualified professionals, with experience in big corporates to launch their own start ups.

There is a lot of money floating around in agriculture and real estate in and around Hyderabad. Such money can be tapped as venture capital. But the conception and execution of projects should be left to talented, qualified professionals who can think creatively and add value. Otherwise the city will only be able to attract low value adding investments like medical transcription.

The government also needs to send strong signals about its commitment to true entrepreneurship. Muralidharan feels that the Chief Minister should spend more time with young businessmen who can think laterally and bring new ideas to the table. Today, the traditional businessmen and big corporates like Microsoft and Oracle seem to be the focus of the government's attention. Efforts to attract large companies have generated a lot of publicity in the media. But it is well known that the larger corporates, notwithstanding the hype they have created, have not really made much of an impact on Hyderabad. The need of the hour is to create give all the necessary support to youngsters who have good ideas and are raring to go but who are short on capital. That could create the momentum which Hyderabad badly needs.

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