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Context to the nugget

There is a lot of literature around how entrepreneurs should demonstrate resilience when hit with failure or tough times. Avnish talks about the role of preparedness in navigating choppy waters.

Transcription

Deepak Jayaraman (DJ): So, Baazee.com and then the bubble burst very quickly, around 2000. Walk us through that phase. The reason I ask is, there are enough discussions that happen around entrepreneurs having resilience, but I am always curious about what that means. How does it get really tested and how does it show up?

Avnish Bajaj (AB): I think, I will give a little bit more context prior to that, because I think it applies to any entrepreneur who happens to listen to this. I never rule out the role of luck but I also say, luck is the cliched preparation meeting opportunity. Now, if you look at after we landed, we raised 21 million dollars at a valuation of I don't know a few hundred crores within six to eight weeks with three rounds of funding, including the last round being led by News Corp. When you have a lot of money, resilience comes easier. The point I am trying to make is, there were enough people at that stage who were saying why do you need it, why do you need to do this. And to me, one of the core reasons Baazee survived, other than the fact that we may have learnt on the job and done a great job over a period of time, was that we had raised enough money. To me, a strong balance sheet gives you strategic flexibility and often people miss this, especially in India. They try to over optimize along the way. So, we got lucky. We raised a lot of money but that's because we also were very good with PowerPoint and Word, and we had been preparing for a long period of time. As soon as we saw an opportunity, we jumped on it and that's a theme which plays out with Baazee over a period of time.

After that, I would say, the second place where part luck, part what we did and I would give Suvir also credit for this quite a bit is, we had built a very good, strong, solid team very early, and this was before the bubble burst. The fact that they joined us before the bubble burst may be not a big deal. We were getting talked about a lot, a lot of money raised. The fact that we managed to retain them through the worst of times, and not just them, all of Baazee, over three-and-a-half, four years; total involuntary attrition was 10%.

DJ: And how did you do that?

AB: It was a family culture. So, by the way, when eBay acquired us, they did a market benchmarking, and the average salary went up 40%. But people made a lot of money; our ESOPs went all the way

down to the office boy. So, that's just a financial way of doing it. There are a lot of non-financial ways of building that ownership.

These were still the days where I remember, I used to go to some offices and when the founder, promoter would walk in, people would stand up; we were on first-name basis. So, today, that is considered par for course. It was very unique at that point. And I was with the eBay India country manager earlier today and we were planning the Baazee reunion next month, which happens every year, where the attendance is 60–70% and people fly in globally. So, I think, managing to create that. It is no one single formula, but it was a meritocracy, no politics, open door, highly performance-oriented culture yet caring. And caring would come out in different ways when somebody was having problems, right from the top down, they would get help. So, I think that was a very big part of us being resilient. So, we had a bank balance and we had an emotional bank balance. So, both were there, which makes resilience easier.

Then, I would say, we learnt on the job with a very smart team which was very open. We kept learning on the job and navigating the changing environment. Again, timed certain things which I would think, we should take credit for. At the absolute bottom and nadir of the burst, we acquired our only competitor at a very, very financially attractive construct. And the market just happened to pick up three–four months later. Then, we were in a very good place.

Reflections from Deepak Jayaraman

DJ: This was an interesting angle. Normally people talk about resilience as a response to a certain situation whether it's failure or an external shock, but to have Avnish talk about how credit in the bank whether its financial credit or emotional credit could help you be better prepared when a shock hits you was an interesting perspective. Thank you for listening. For more, please visit audioboom.com and look for Play to Potential or subscribe to the podcast in iTunes.

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End of nugget transcription

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- 10.00 Avnish Bajaj - The Full Conversation
- 10.01 Avnish Bajaj - Goldman Sachs versus McKinsey
- 10.02 Avnish Bajaj - Starting Baazee.com
- 10.03 Avnish Bajaj - Entrepreneurial resilience
- 10.04 Avnish Bajaj - Taking stock of life after Baazee sale
- 10.05 Avnish Bajaj - Venture investing — Supporting without intruding
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- 10.09 Avnish Bajaj - Backing the best founders
- 10.10 Avnish Bajaj - Harsh realities of entrepreneurship
- 10.11 Avnish Bajaj - What they don't teach you at HBS

About Deepak Jayaraman

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work [here](#).

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