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Context to the nugget conversation

Harsh speaks about how he tactfully separated from the rest of the family. He speaks about the role that Mr Bipin Shah (appointed as a Trusted Mediator) played in moving the conversations forward. He also speaks about how some family events, sometimes, can serve as an opportunity to revive the relationships.

Transcription

Deepak Jayaraman (DJ): And fast-forwarding Harsh, you set up Marico as a separate entity within the Mariwala business construct in January 1990 when I read the book, but very early on in the first two to four years I think you moved towards a separation, and I do some work with some of the members of YPO and I have some visibility to the dynamics of a family business, but there's always this tension between belonging and breaking out. How did you think about that and what were the pulls and pressures?

Harsh Mariwala (HM): So, see when Marico was formed in the year 1990, it took me two to three years to convince the family to separate management from ownership. So, what it meant was that I would be the manager in Marico, and I will be the only family person handling Marico. And similarly, my cousin would handle each part of the business in a separate company. I think, that gave us a lot of autonomy and that really freed me up in terms of doing things, which I always wanted to do. I never thought that within a few years it will lead to a business separation in terms of financially. It so happened that there were some issues which led to a lack of trust amongst the family and I think that forced us to separate. So, it was not something which was planned; it happened because of certain circumstances, which was I had never thought it would happen. But when that happened, I thought it better to separate because if there is no trust then you can't exist as partners. So, that event, those set of events, which happened after Marico was formed, immediately after from the first two-three years, led to this situation, where we also separated financially.

DJ: And, in the book, there's a mention by Uday Kotak who says that I must give credit to Harsh for his maturity. The Mariwala separation went better than a lot of family business experiences I have witnessed. Back to your earlier point about tolerance and consensus and everything else you said Harsh, give us a sense of given whatever is shareable, how do you, you know, if you rewind and think about those days, what did it take for you to ensure you got to a meaningful place?

HM: So, as you rightly put it, I didn't want to pick up a fight and we have seen many families, their businesses getting destroyed because they go on fighting. So, I was very clear that we needed to have a consensus. Of course, while arriving at a consensus there could be some bad blood, I am not saying, but we would continue to negotiate and arrive at a solution which is a win-win solution. So, I

was very... and if it meant that it would take a little longer time let it be. So, the process was to appoint a mediator who was trusted, the key thing trusted by each and every family member because many a times if I appoint a mediator it is perceived as my mediator, the others will not trust and that whole negotiation will fall apart.

DJ: Correct.

HM: But if we have a mediator who is trusted by each and every family member being neutral, being fair, then that is a big, big asset in any negotiation. And we appointed Mr. Bipin Shah who was earlier in Lipton's as a Director and also on Hindustan Lever as a Director, Lipton Chairman. He helped us in...

DJ: And he was your pick and the others built trust, I mean, it always starts with one person.

HM: No, no, it was, he was known to the whole family from much before.

DJ: Understood.

HM: He was known to my father, my uncles so, he was in that age group, but the negotiations were done by me and my cousins and none of the elders were involved in negotiations. But he was there as trusted because he was in that age group of my father and my uncles, and he played an important role in driving consensus. It had to be a little bit of a give and take in terms of what we want to do. So, I think that played a very, very important role and we had to do it in a structured manner, go one by one rather than just I mean, if there are frayed temper, then you would again play an important role. So, nobody should be allowed to go back because many a times you know what happens is you discuss something, you finalise something in a family meeting today and after one month they will say, no, no, this is not agreeable. So, he played that role, he had that, he was there in the meeting, he was fully aware of what was happening and if something went off track, he would intervene, but otherwise it would be negotiation would be handled by us, he would guide us, but he would not take sides.

DJ: If you had to be immodest about yourself, Harsh, see one is of course the mediator, I am sure a lot of families appoint mediators but what was hard for you, you know, as you reflect on those days, what were some of the impulses that you had to resist? Just walk us through what some people often get wrong that you had to...

HM: So, it's painful, any family financial separation is painful. It's because there is some degree of bad blood at that particular point of time. So, you have a relationship which is very good at a social level but, you know, that phase you because it's financials are involved there tends to be some degree of bad blood. And then there a degree of uncertainty, what will happen, will it conclude properly, will it not conclude. So, impact of that on business is another thing. So, that could lead to a high degree of stress. Number three is, you are managing a business as well as you are doing these negotiations which are time consuming. So, there is that degree of stress. So, I would say a combination of uncertainty, stress and temporarily bad relationships is something you need to go through and there is no other alternative. I think one has to go through but looking back, I mean, those two-three years were painful, were stressful, were taxing, but I think it has paved the way of, the relationships are back to almost back to normal in terms of socially and things like that. And it's just it came into a win-win kind of situation where...

DJ: And if I may pick up on the what does it take to bring the relationships back on track? Very often in that phase often there's a little bit of a...

HM: Yes, I think somebody has to take an initiative in terms of within the family and normally initiatives start around some events either sad events or happy events in like a marriage or somebody, you lost somebody in the family and that is the time when the family tends to unite because these are very important events. Either very sad events like a demise or a happy event like a marriage and that is the time when you start thinking, okay, now, let's we have to start feeling united and over a period of time I think it goes on and at least in our case it improved, in some cases, some families it, but I think it takes two to clap. So, both parties have to forget the past, let it be bygones rather than holding on to some event which was a cause of stress at a certain point of time and look at future and you may not be the best of friends, but the relationship is almost back on track.

Reflections from Deepak Jayaraman

DJ: Harsh speaks about family occasions being an opportunity to revive relationships. What he says here reminds me of the insight from Prof Katy Milkman (KM) of Wharton. She has recently written the book – How to Change (The Science of getting from where you are to where you want to be). She speaks about how we all can look for Fresh Starts. Just like we think about New Year's Resolution and use that as an opportunity to change behaviour, if we look around, we might end up finding several fresh starts around us.

KM: "What we found is that there are moments, this would not surprise you at all that feel more like fresh starts to people. And the one that we are all familiar with already is New Years. This is a moment when around the world people are setting resolutions at a higher rate than usual, trying to pursue goals at a higher rate than usual, and it feels like a fresh start. The psychology of New Year's actually turns out to be familiar and extends to many other moments, but the psychology of New Years is you can say, sort of, well, that was the old me last year, the old me could not achieve this, you know, the old me tried to quit smoking and failed, but that was a whole different person. The new me in the New Year can do it. And you feel this dissociation from your past failures in this renewed optimism as you open a new chapter in life. What we found is that New Years is actually just one moment that has that new chapter fresh start feeling. There are lots of other moments on the calendar and in life when we also feel we are turning a page and can get that same dissociation from past failures and motivation, and also the likelihood that we might actually step back and think big picture about our lives is greater. So, some of those moments include, according to our research, the start of a new week or a new month, the celebration of holidays that feel like fresh starts in our culture, the celebration of birthdays"

DJ: If this topic is of interest, do tune into my conversation with Prof Katy Milkman of Wharton.

End of nugget transcription

Nugget from Katy Milkman that is referenced: [The power of a fresh start](#).

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About Deepak Jayaraman

Deepak seeks to unlock the 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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