

Arihant at Crossroads

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ABSTRACT

This is a case about the Arihant Education Group which was registered in the year 2006 with the approval of All India Council for Technical Education (AICTE), National Council for Teacher Education (NCTE), and Department of Higher Education Madhya Pradesh. Located in the prime educational cluster of Indore, the campus had all essential facilities. As of 2018, the group ran programs in teachers' education, commerce, arts, management studies, and computer sciences. It was also listed as an authorized skill development center for selected government projects and was permitted by the regulators to increase its intake in most of the courses up to double or triple. In March 2016, the group was NAAC (*National Assessment and Accreditation Council*) accredited and a recipient of many accolades for imparting quality education. The group Chairman, Mr. Jayant Kasliwal, along with his children—Kunal Kasliwal and Dr. Kavita Kothari were involved with the group's functioning since its inception. However, as the group became more stable, he felt a need for moving on to spiritual pleasures. Therefore, he called for a meeting with the core management group members to plan the group's future strategies and discuss about who will and are they even prepared enough to manage the succession and ownership of the group?

Keywords: Educational Institution, Accreditation, Succession Planning, Strategies

INTRODUCTION

The Arihant Education Group was registered in the year 2006 as a society for higher education and related activities. The location was the native town of the family, i.e. Indore, an industrial town in Central India. Although the society formed was new, the business house behind the group had two schools running for about 100 years under the family trust. The group had a lustrous family lineage, starting with Sir Seth Hukum Chand Kasliwal of Indore (1874–1959). Seth Hukum Chand was among the pioneers of Indian textile industry, who inherited a small business and transformed it into an empire of business and social activities.

Known as 'Cotton Prince of India', he established cotton mills (Hukum Chand Mill and Raj Kumar Mill) in Indore and a steel factory in Kolkata (then, Calcutta). He was the first Indian businessman to set up a Jute Mill. He actively participated in Swadeshi (indigenization of Indian consumption and production) movement during Indian independence and worked for promoting Hindi language. Sir Seth Hukum Chand Kasliwal established many medical facilities and hospitals as well as educational organizations. He also had a great track record in constructing and protecting various monuments of

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religious significance. He served in many positions across a range of social, religious, and educational organizations. Apart from many honors from the royal houses of Indore and Gwalior, he earned the title of Rai Bahadur in 1915 and the British Knighthood in 1919.

The other cousins of this family were running successful businesses in Indore like dealerships of cars, two-wheelers and commercial vehicles, running hospitals, managing hotels, restaurants and lodges, and real estate development. This family lineage and the continued business expanse provided the group a good reputation and ready relations with the local industry.

The group started with the educational and teachers' training courses and expanded very quickly. With the approvals of AICTE, NCTE, MP Higher Education and affiliation from the Devi Ahilya University (DAU) of Indore, the Arihant group started 'Arihant College of Education' in 2006. The group increased its verticals to offer management courses with 'Arihant Institute of Management and Technology' in 2008; commerce courses with 'Arihant College of Commerce' in 2010; 'Arihant College of Arts' in 2016; and computer sciences in 2017. The group also instituted an award for Non-Governmental Organizations for providing health and educational services in 2010. A major diversifying extension came in 2016 with 'Arihant Online competitive examination center' with 400 computer terminals for conducting competitive exams, which was increased to 1000 computer terminals in 2018.

As of 2018, the group had strength of 120+ employees working at various levels including faculty members. It had an eminent advisory board with ex-directors of business schools and corporate houses. The group helps the faculty to upgrade their skills by sponsoring them for various faculty development programs, management development programs, seminars, national and international conferences, etc. It encouraged the faculty to use modern techniques for teaching. The alumni base exceeded 3000 well-placed students in various roles in industry, government, and entrepreneurship. In January 2016, the group was NAAC accredited, which added to the credibility of the group's educational ventures.

The details of courses of Arihant Education Group are given in Exhibit-1. The campus also developed a number of facilities over time, including swimming pool, skating, open-air theatre, yoga, martial arts, general physician, dental OPD, and lush-green Wi-Fi campus spread in 5.5 acres of land with various indoor and outdoor sports activities. A city office also operated from a posh locality in the center of the Indore city at Mahatma Gandhi Road for corporate affairs, public relations, marketing, and information dissemination to various stakeholders, primarily students.

FAMILY BUSINESS MEETING

The group Chairman, Mr. Jayant Kasliwal (66 years) felt it was time to consider the planning of succession. However, he was not so sure about the plan and timelines. When this subject was raised at the core management group meeting, Dr. Kavita Kothari (35 years), daughter of Mr. Jayant Kasliwal, who had been working as the CEO of the group, indicated that this was a business by him and that he should transfer the management control and the ownership when he felt comfortable in doing so. Kunal Kasliwal, son of Jayant Kasliwal (39 years), who has been working as the Secretary of the group added, "I don't want him to think that papa is being pushed out of his own business or that his services are no longer valued."

Dr. Vivek Kapre, Group Director, proposed, that a ten-year time frame would be appropriate for ownership succession. Listening to this, Kunal responded, "If I have to wait for ten years, then you can tell him, I'm out of here. I have no problem in him hanging around here for forever if he wants. You all are already managing most of the operations and making most of the key decisions with his inputs of course"

“How will the ownership transfer be? Gradual? Partial or all at once??”, asked Dr. Kapre.

Dr. Vaishali Waikar, Group Academic Head, added, “I feel before planning about succession, Chairman sir should formulate agreed-upon policies, which will act like guideline to deal with conflicts that will no doubt, challenge personal relationships, business relationships, and therefore the colleges too.”

Dr. Kapre asked, “Jayant Sir, please throw some light on what’s on your mind. I will have to plan out how and when this has to be communicated to the faculty, students, parents, employees, and other stakeholders of the colleges.”

Curiously listening to so many queries Kavita enquired, “What is the objective of this meeting? What are the criteria for becoming the owner? How is it determined? How is it funded? What will be the added responsibilities and how much will the person be paid for it?”

Excitedly Kunal intervened, “I have the required skill-set. I am willing to take on the additional responsibilities.”

“I would like to interrupt here”, said Kavita. “Over the years, I am the face of the institution. I am close to the staff and the students. Kunal, you don’t take part in any day-to-day operations of the college. Then how can you say that you have the desired skills? I have also recently completed my PhD. So, even technically, I am more qualified than you.”

“This whole meeting is making me feel very low. I am going through a variety of emotions ranging from anger to guilt to freedom to happiness”, Jayant retorted. “This discussion was intended to build comfort among you all so that we can look at all the aspects and take informed decisions with respect to your future roles in the business”, he added. “After consistent efforts over past eleven years, the group has established itself with all the pre-requisite infrastructural facilities and approvals. Although our objective is not profit-making solely, we cannot deny the role of financial sustainability. I feel this year we should not plan of any expansion and instead work on stabilizing ourselves. What do you all think? ... Vaishali, can you share the present status of the group and different courses with us?” asked Jayant.

“We have more than 1600 students enrolled in 22 different courses of education, commerce, arts, computer sciences, and management streams. We have a broad range and a good mix of courses to offer (see Exhibit 1). The institute has managed a good record in training and placements of students. It has also produced many university toppers in various courses, thereby assuring that we are moving in the right direction. We have seen some or the other expansion in each year of our operations. This year we have added computer systems in our online examinations center venture along with starting government skill development courses.” informed Vivek.

“You cannot be serious!” exclaimed Vaishali “Does anyone really remember how we started this institution with only 100 seats of B. Ed.? And today we have so much to offer under Kasliwal Sir’s able leadership and guidance”.

“I would agree with Vaishali!” opined Kavita. “I think instead of stabilizing, we should continue our expansion mode. So what if Papa is wanting to retire. I am here to take this baton forward”, Kavita added.

Kavita was married to Ravish, a hotelier in Indore. She is a mother of two children, a son aged 12 and daughter aged 4. Despite the marriage and children, she didn’t take any break from work and

continued with her work, when they were young. On the other hand, Kunal was married to Urvashi, a teacher in playschool having a son aged 10 years. They both participate in all college's functions socially. Urvashi has no interest in joining the management of the group. Jayant's wife, Sudha, is a house wife but she attends all the functions of the group with great enthusiasm and commitment. She shares a personal rapport with few senior staff members also.

"I doubt if you have seen how much dedication and exposure it requires to lead this empire." interjected Vaishali "We should involve Sudha Ma'am in our meeting as, a mother knows her children the best!" Also don't forget that last year we started another institute with few courses for Kunal Sir."

Jayant said, "Then what is the problem, Vaishali? Why are you worried about the increased seats? When you have performed so well during the peak of the recession, I believe that situation has improved now. You all will be here to help and support our next successor the way you have supported me, I believe."

"Do you realize that we are a very young institution of twelve years and we are competing against institutions and Universities established for decades? Their programs are much less affected by market conditions than ours. Our one wrong move will make us go back to where we started. Sir, if you are planning for division of properties, estates, I guess it's better you divide the team and staff also." Vaishali interrupted anxiously.

"I will work hard to uphold my family name." said Kunal. "Well, do you know it means protecting the family heritage, reputation, fame and glory?" asked Jayant. "I am clear in my mind that if I take charge of the group, then I will stop all expansions and instead work only to see the day, when we are among the top ranked established brands!" explained Kunal.

"That only time and tide will tell but..." commented Kavita . "I want to suggest something. As we have conflicting goals, I suggest we appoint a family business consultant here." "I doubt if we can afford such frills and freebies." observed Jayant, "The eventual objective of our business is to have a happy family and financially healthy business. I am not in favor of involving any outsider for this. They would also not fit well with our institutional philosophy."

"But with changing times, do we really need to stick with the philosophy of oneness?" refuted Vaishali "As it is very clearly evident that there are issues in compatibility to work with each other as both Kunal Sir and Kavita Ma'am are different. Also, they have conflicting goals for the group"

Although everyone broadly agreed with this that the group needed upgradation and professionalism, there are confusions for the future of this group. The strategic heads of the group are concerned about the cost as well as the effectiveness of any possible strategies to be adopted.

"I think I should consult Sudha, Urvashi, and Ravish also to help us mutually chalk out how we need to move forward and decide upon the strategy for the same. After speaking to everyone, we all will meet again next week." said Jayant, closing the meeting.

QUESTIONS FOR DISCUSSION

1. Comment on each of the core members' capabilities for managing a small business?
2. What does this case show about the problem of managing succession in a family-owned business?
3. What is the role of outsiders and family members who do not have ownership in the business?
4. Was Mr. Jayant Kasliwal's decision of calling the meeting right? How could he manage this situation without such a step?
5. Is there a difference or conflict of personal goals vs business goals?
6. Explain how family relationships can affect the business and vice versa?

EXHIBITS

EXHIBIT-I

NAME OF THE COURSE	YEAR OF INITIATION	NO. OF SEATS (UPON INCEPTION)	NO. OF SEATS (AS IN 2019)
EDUCATION COURSES			
Bachelor of Education (B.Ed.)	2006	100	100
Master of Education (M.Ed.)	2008	35	50
Diploma in Education (D.Ed.)	2007	100	100
MANAGEMENT COURSES			
Bachelor of Business Administration (BBA)	2007	60	120
Bachelor of Business Administration - Hospital Administration (BBA-HA)	2007	40	40
Master of Business Administration (MBA)	2008	60	180
Master of Business Administration - Hospital Administration (MBA-HA)	2012	60	60
Post Graduate Diploma in Business Management (PGDM)	2019	60	60
COMMERCE AND COMPUTER SCIENCES COURSES			
Bachelor of Commerce (B.Com.)	2010	60	120
Bachelor of Commerce - Computer Application (B.Com. -CA)	2010	60	120
Bachelor of Commerce -Tax (B.Com. - Tax)	2012	60	120
Bachelor of Commerce – Honors (B.Com. –Honors)	2016	60	60
Bachelor of Commerce – Sales and Advertising	2017	60	60
Bachelor of Commerce – Office Management	2018	60	60
Bachelor of Computer Applications (BCA)	2017	60	60

Masters of Commerce (M.Com)	2014	60	60
ARTS COURSES			
Bachelor of Arts- Geography	2016	60	120
Bachelor of Arts–Political Sciences	2016	60	120
Bachelor of Arts- History	2017	60	120
Bachelor of Arts- Hindi Literature	2018	60	60
Bachelor of Arts- English Literature	2018	60	60
Bachelor of Arts- Sociology	2017	60	60
Bachelor of Arts- Economics	2016	60	120
Bachelor of Social Works- (BSW)	2018	60	60

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