

CASE STUDY OF AN ICONIC ENTREPRENEUR OF INDIA PROFILE OF SARDAR GUNWANT SINGH SALUJA, CHAIRMAN OF MONGIA GROUP OF COMPANIES

SHANTANU SHEKHAR

Al Musanna College of Technology, Sultanate of Oman

ABSTRACT



Figure 1: Sardar Gunwant Singh at his Office

“You’ve got to have both a head and the heart for business. The Head is how you persevere and solve the problems you didn’t know you could. The Heart is what shows through to the customer.”

Ceryl Thompson, Bodacious Womens’s Club

KEYWORDS: Sardar Gunwant Singh Saluja, Mongia Group

INTRODUCTION AND BACKGROUND

The Entrepreneur needs incredible vision, astonishing perseverance, un-daunting courage and unflagging faith in their work. There is requirement for power of courage of conviction and this will enable them to convert any adversity into an opportunity and any challenges into an achievement. Their commitment to the stakeholder has to be non-negotiable. Their insistence on excellence has to be uncompromising. Sardar Gunwant Singh Saluja is a live example of possessing all these qualities of a successful entrepreneur. The author of this study met him in a party. Sardar Gunwant Singh readily agreed to provide all the details on all dimensions of the study. He was so enthused by the study objectives and felt that he could throw lot of light into the different roles an individual has to play in becoming a true entrepreneur

Sardar Gunwant Singh was born in 31st Oct 1962 in Giridih. His father was a carpenter. His name was Sardar Daljeet Singh Saluja. Later on Sardar Daljeet Singh Saluja, father of Sardar Gunwant Singh Saluja started their own wood business in the name of **Saluja Timber Corporation** with his brother. Giridih was famous for mica export during those days. They used to make packing wooden boxed for export of mica.

In 1974 Sardar Gunwant Singh Saluja's father Sardar Daljeet Singh separated from his brother. Sardar Daljeet Singh, Father of Sardar Gunwant Singh Saluja decided that he will start a new business in another domain. It was Sardar Daljeet Singh's believe that starting business in new domain will maintain a good relationship among the brothers. Sardar Daljeet Singh started wire nails factory. That time Sardar Gunwant Singh was only 12 years old. But he along with his elder brother Amarjeet Singh Saluja supported his father in his new business. He studied up to intermediate (+2). In first 2 years his nail factory was in loss. They used to produce 60-70 kg of wire nails daily. But they were unable to sell the product properly. They were very much worried. Young Gunwant Singh Saluja and Amarjeet Singh Saluja were unable to understand why is this loss was happening. His father Sardar Daljeet Singh was always a source of motivation and inspiration to them.

Sardar Daljeet Singh asked young Gunwant Singh Saluja: Are the nails being sold in the market? Gunwant Singh: Yes.

Sardar Daljeet Singh: It means somebody is manufacturing the nails and selling it in the market. If they can sell it why can't we sell them? You need to visit more number of shops and find it out if they have requirements for nails. For this you are required to visit other towns also then only you can get your market.

Sardar Gunwant Singh Saluja started visiting the markets regularly. He had fire in his belly. Monday to Saturday he used to work in factory busy in producing nails. Sunday he used to visits almost 20-25 shops to take order and collect the money. He used to travel by his Bajaj Scooter in all nearby cities. He used to start 6:00 AM and used to return at 10:00 PM. His route was Giridih, Isri Bazar, Phusro, Jana Mod, Bokaro Sec-4. From Bokaro he used to purchase wires in coil which was raw-material for nails then he used to travel to Chas, Kendua and Karkend (Dhanbad), Jharia, Gaya Pool (Dhanbad), Bank More, Katras More, Gaya Pool, Bhooli, Heeraur, Steel Gate, Gobindpur and back to Giridih. Travelling around 250 km in one day to this many places to meet the shopkeepers and taking orders, collecting money was not an easy task. He developed a very good rapport with all these shopkeepers. He used to travel Deoghar, Dumka, Dhanbad, Bokaro and Hazharibagh by his Bajaj Scooter.

Apart from these towns he also used to sell wire nails at Gaya and Jehanabad. He explored all these market. By 1980 he started producing 1500 kgs of Wire nails daily and was able to sell it. That time the rate of nails was around Rs. 10 / Kg. He used to carry the bags of nails himself on his shoulder and used to put it on vehicles to reduce the cost. He never felt any work as small work. His readiness to trust the people around him was unlimited. This quality earned him loyalty of his stakeholders; especially his customers and that in turn started giving him good returns.

Transition of - Mica Mining Town (MMT) to Steel Town (ST)

During 1980 Giridih was famous for Mica in the world. Around two Lakh Fifty thousand labours working in this industry and they were going to lose their livelihood. Mica industry was on the verge of dying. Business Man and Labours started migrating from Giridih in search of employments. But one man was closely observing these happenings. He noticed that during this time low cost labour was available in Giridih. He also observed that Giridih has strategic advantage of location. Coal was available in Giridih itself and Dhanbad (40 KM from the factory).

The iron ore was available in Orissa which is also near to Giridih. The only thing lacking was an entrepreneur who could conceive and organize the venture and can have courage in doing so. Sardar Gunwant Singh Saluja put foundation of "Santpuria Steel" in 1983, where they started manufacturing Rods. The rational integrated thinking helped

him to take a professional decision. He turned adversity of Giridih town into an opportunity. The idea to start this venture came from making wire nails. He used to purchase raw materials from Bokaro steel city and Jamshepur. He thought why not start his own Iron factory in Giridih? The wire nail factory was supporting and motivating him financially and morally. With initial investment of Rs. 10, 000, 00/- he started his dream “Santpuria Steel”. He started earning Rs. 50,000/- per month from his new startup initially. During that time the process to make rod was not automated. It was very cumbersome.



Figure 2: Rolling Mill (Mongia Hitech Pvt. Ltd)

The steel Man Sardar Gunwant Singh Saluja had started melting iron to craft his future. He never bothered for anything. He worked on shop floor with labours. His will power was as strong as rock. He knew the importance of time. He told “I am always saying my managers if you have to visit some other city, start early so that you will be there by 9:00 or 10:00 AM and then only you can do your work without wasting time. If you will start late and reach there by afternoon then you will not be able to work”. He told, “I used to go to Tata from Giridih to purchase wire in coil the raw material to make wire nails. I used to travel in night time and used to reach Tata in the morning. I used to take bath in railways waiting room. I was unable to afford hotel during those days but I never bothered. By 9:00 AM I used to go to market to purchase raw materials for my wire nail factory. I utilized time properly and still I know the importance of time”

The Turning Point

It was 1st Nov 1984 and it was a black day for Sardar Gunwant Singh Saluja, owner of “Santpuria Steel, Giridih, Jharkhand. Santpuria Steel a rolling mill (To manufacturer Rods for constructions) was his newly started industry with a dream in his eyes to reach the milestone of success. He started Santpuria Steel with initial investment of Rs. 11 Lakhs. But after Indira Gandhi assassination his dream has been crushed and robbed. In 1984 Sikh Massacre of violence occurred, during which armed mobs attacked Sikhs & their properties in response to the assassination of then Prime Minister, Indira Gandhi by her Sikh bodyguards. From machinery to raw materials, everything has been looted from his factory. He became one of the victims of this incident. But few things the miscreants were unable take away with them. This was his dedication to work, the commitment, the focus, his honesty, strong determination and perseverance.

Few days before the 1984 Sikh Massacre one of the suppliers had supplied raw material worth Rs. two Lakhs to Santpuria Steel to manufacture iron rods. Post the looting incident the supplier came worriedly to meet Sardar Gunwant Singh Saluja and asked how is he going to pay for the raw materials.

Sardar Gunwant Singh Saluja said “It is me who has been looted it’s not you. Please don’t get upset, give me little time. I will return your money”. His re assuring statement has won the confidence of the supplier. He said “Mr. Saluja, I am with you. Now I have got full faith and trust on you. I will supply you the raw material which you need. You just make arrangements to start the production.

The new sunrise happened to Santpuria Steel on 16th Nov 1984 when Mr. Saluja got Rs. ten Lakh loan from Indian Overseas bank. His supplier also supplied him raw material worth Rs. 23 Lakhs. And when Mr. Rajeev Gandhi became Prime Minister of India the prices of Iron rod increased drastically i.e. from Rs. 4000/mt tonnes to Rs. 9000/mt. tonnes. And after this incident he never looked back.

Strategic Moves

Backward, Horizontal Integration, Product Innovation

He was developing dealers in different cities of state of Bihar (Jharknad was not a separate state at that point of time), West Bengal, Orrisa and Delhi. He never compromised with quality and always upgraded the technology as well as products. The demand for iron rods was keeping increasing. To cater this demand he established “Santapuria Ispat Pvt Ltd.” in 1990, 7 years after his first industry. He started manufacturing sponge iron in this unit. This industry had increased his production capacity of rods with better quality control from its own manufactured Sponge iron. This was first step towards backward integration.

To decrease cost and increase efficiency he installed “Induction Furnace” in 1997. This was one step towards caring for environment as it does not emit harmful chemicals, dust and other pollutants. It shows that he was aware of the technology advancements and was agile.

He used to purchase billets and Ingots which are raw materials for manufacturing Rods. To further control the quality and cost of the product he started manufacturing Ingots and billets.

In 2001 he started manufacturing stripe mills with rolling. He started manufacturing pipe profiles and shutter profiles here. In 2004 he introduced TMT (Thermo Mechanical Treatment) concept.

To continue this expansion programme, he started Sponge iron unit “Santpuria Alloys Pvt. Ltd. in 2005. In this plant, he started manufacturing sponge Iron from the ores. Now with these integrations he became totally independent, as he was able to produce billets and ingots at his own factory. The entire production he is consuming at his own TMT, Pipes and Shutter Strip (Profile) factory. Later on he stopped making ingots and to manufacture Billets he put CCM (Continuous Casting Machine). He acquired Swati and Concast Power Pvt. Ltd where pig iron is being manufactured. This Integrated Plant was nominated as “Ideal Model Unit” for Eastern India by Ministry of Steel and UNDP in the year 2010 He also got “Bharatiya Udyog Ratna Award” by planning minister of India in 2008. Table 1 gives details about the status of some of the above units.

Table 1

Company Name	Started In	Input	Output	Status
Saluja Industries	1974	Rod in Coil	Wire Nails	Closed in 1988 Because looking for bigger business
Santpuria Steel (Rolling Mill)	1983	Billets & Ingots	Rods	Closed in 1997 For Expansion

Table 1: Contd.,

Santpuria Ispat Pvt. Ltd.	1990	Billets & Ingots	Rods	Closed in 2001 For Expansion
Mongia Hitech Pvt. Ltd.	1997	Sponge Iron Pig Iron	Rods, Billets, Ingots, Strips, Pipes	Running
Swati & Concast Pvt. Ltd.	Acquired in 2005	Iron Ores	Pig Iron	Running
Santpuria Alloys (P) Ltd.	2006	Iron Ores	Sponge Iron	Running

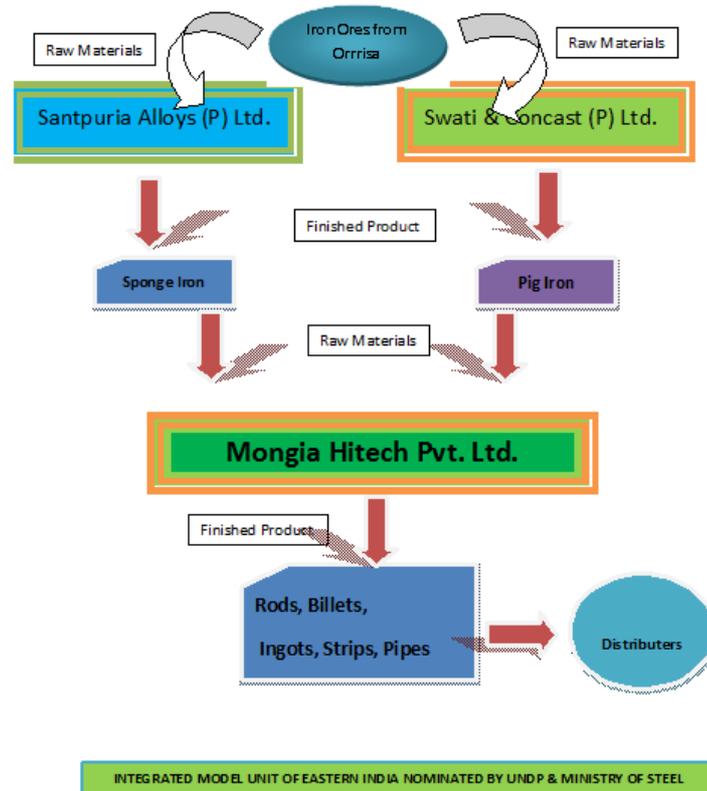


Figure 3

As of today he has four manufacturing units with total turnover of Rs. 250 Crores. More than 1500 people are getting their livelihood from their Integrated Model Unit.

Creating Mongia Brand

How his brand got its name has an interesting story. The native people of Mong village in Lahore, Pakistan, were called Mongias. Sardar Gunwant Singh Saluja’s grandparents were from there, he decided to name his firm after those native people. He launched the product and he himself became brand ambassador of TMT Rods and this resulted in huge success to Mongia TMT bars.

Andrew S. Grove, the CEO of Intel told in his book “Only the Paranoid Survive” *“Business success contains the seeds of its own destruction. The more Successful you are, the more people want a chunk of your business and then another chunk and then another until there is nothing”* The scope for raising the total consumption of steel in India is huge, as the per capita steel consumption is only 35 kgs compared to 150 kg in the world and 250 kg in China. With this surge in

demand level, steel producers have been reporting encouraging results. This gave a new life to Giridih. The huge gap between supply and demand of steel in India invited industrialist to start the steel industry at Giridih. It will take long time to reach the inflection point (which is the time to reap benefits by the producers of steel) in India. There is huge gap in usage of per person in India as compared to world standards. This gave a big boost to Mongia Steel. Due to this success other industrialist of Giridih also joined this race. They also started steel industry in Giridih and today more than 18 Steel industries are present in Giridih. The vision of Sardar Gunwant Singh has shown path to other Industrialist and this has transformed Giridih to Steel City.

Innovation in Advertisement

Soon Sardar Gunwant Singh Saluja is going to launch Mongia packaged drinking water. He says, “I don’t want to make profit from this product. Our target is initially to sell 20,000 bottles daily in the market.



Figure 4: Mongia’s Advertisement at Busy Howrah Station

I want these bottles to be present everywhere and this is going to create a brand for me. This is an advertisement and for this advertisement I am going to be paid as compare to other advertisement where I am required to pay. Everyone needs water to drink. With a good design of bottle and good quality of drinking water my Mongia brand is going stay in the fridges of the people. You will find it in bus stand, railways station and everywhere.”

This shows how innovative he is. He is going to differentiate himself with his competitors. He is able to understand competition and his evolving strategies are helping him to get success. Time is going to say how it is going to work. But one thing is clear that he is able to see the future, can see the fierce and cutthroat competition and would always try to do something new. He is ready to take risk.

Networking

Sardar Gunwant Singh Saluja has always been enthusiastic to work and network with people. He is a great human being. More than 300 dealers are working with him. Employees of Sardar Gunwant Singh Saluja are highly motivated and committed. He has fully delegated work to his subordinates.



Figure 5: Sardar Gunwant Singh Saluja with his Employees at CCM Unit

Sardar Gunwant Singh Saluja’s personality has fascinated the employees, the dealers and everybody. He keeps on conducting meetings, educating about product not only for Dealers but also for Mason who actually are using the TMT Bars for Manufacturing.

Philanthropic Nature

Sardar Gunwant Singh Saluja understands his accountability towards society. He is conducting business in such a way which provide social, environmental and economic benefits for the communities and geographies in Girdih. He is taking full responsibilities of deprived talented students. He takes care of their school fees, food and accommodation. He says, “The love I am getting from these students can’t be compared with anything. It is precious, it gives me immense pleasure”. Instead of donating money for temple or other religious institutions Mr. Saluja likes to directly help that person who needs hand holding in all aspects.”

2 years back in 2010 Sardar Gunwant Singh Saluja was invited to distribute prize to meritorious students of class Xth. Nandini who was one of the topper started crying and told Mr. Singh that, at one hand this prize is motivating me but on the other she will not be able to continue her studies due to financial problems. She said that she is going to discontinue her studies from higher secondary onwards. Sardar Gunwant Singh then said “if you want to study and if you will do well in your studies I will take care of all your expenses.” From that day onwards Sardar Gunwant Singh started financially supporting Nandini for her tuition fees, College fees, books, food, clothes and hostel etc.



Figure 6: Sardar Gunwant Singh with Nandini

He said "Nandini did excellent in her +2 examination and this is one of the biggest returns I am getting. I will be getting true happiness, the day I would see Nandini successful in her life.

He is president of Adim Janjati Vikash Samitee. Admin Janjati (Birhor Tribes) is a tribe who are very much backward. They depend on hunting for their food. They don't know how to do agriculture. Admin Janjati Vikash Samiti took lot of steps and trained the tribes to cultivate. Admin Janjati Vikash Samiti started giving education to 60 children in the groups of 20 students.

CONCLUSIONS

Is Sardar Gunwant Singh Saluja, an accidental entrepreneur or had he decided that he is going to be an entrepreneur one day? Whatever it is, one thing is clear that if somebody wants to become an entrepreneur he should have few qualities in him. The journey of entrepreneur at the beginning is tough. He does not know whether he is going to get return or not. We have lots of examples where entrepreneurs have walked through the tough terrain with perseverance, determination, and focus to achieve their ultimate goal. Sardar Gunwant Singh Saluja is one such example. He has been continuously innovating and making smart decisions which resulted in big success. Sardar Gunwant Singh Saluja is a multifaceted personality - as a shrewed entrepreneur he is always looking for opportunity to be exploited. He has always been innovative in his approach while introducing new products, processes and technologies.

He started with making and selling nails and today he is running integrated steel plants worth Rs. 250 Crores. Sardar Gunwant Singh Saluja's multifaceted personality is reflected: in Strategically putting up different plants at different points in time, taking care of environmental pollution control requirements through integrating his plants accordingly, corporate social responsibility commitments through society oriented welfare programmes, philanthropic attitude towards bringing up the deserving downtrodden people to develop and lead a meaningful life. These personality traits of Sardar Gunwant Singh Saluja has helped him to build Mongia as a well known brand in Jharkhand, Bihar, West Bengal, Orrisa and UP. People are saying after Tata, we trust Mongia TMT Bars to build our sweet home. Really he is able to build "Eak Rishta Sadiyon Ke Liye" (One relationships for centuries).

Questions

- Discuss personality traits of Sardar Gunwant Singh Saluja.
- What you could have done when Sardar Gunwant Singh Saluja's factory got looted/ransacked after Sikh Massacre in 1984?
- Suggest a model for Supply Chain Management for Inbound Logistics.
- Identify & analyze the strategic moves taken by Mr. Saluja.
- Which known framework you would like to use to analyze the strategic moves taken by Mr. Saluja and why?
- As the organisation grows what should be the specific focus on building in professional management at every stage of the business? Discuss this aspect with specific reference to this business case.
- As the organisation has grown over a period of time, how you do explain the different roles played by Mr. Saluja?

- What is your learning from this profile study?

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