

“ A professional manager cannot match up to the owner manager’s professionalism, gut-feel, intuitive-ness, ability to assess risks ”



*In the quicksand world of advertising, completely dominated by multinationals, small-built Sam Balsara stands tall. Even as Indian ad mavericks have sold off their businesses one by one, Madison Advertising, controlled by Balsara has gone from strength to strength, emerging as the number two agency in a particular segment, in a tough, no-holds barred fight against his more formidable and resourceful competitor. What makes him tick? What can we learn from his career? In a long conversation with MoneyLIFE’s **Sucheta Dalal** and **Debashis Basu**, Balsara recounts his story*

ML: We would like to start with your background, your early influences and what made you choose marketing as a career...

Balsara: I was born in Bombay. Father's family was from a small town called Balsar in Gujarat, from where I get my name. My early education was in a so-called 'convent' school. My father was a forest contractor and timber merchant. In those days you could bid for vast tracts of forest land, cut it, sell the timber and make money. In the 60s, the whole thing got nationalised and my father lost his business. These days there is lot of talk of risk-taking and so on. One of the earliest mantras of Madison was that if it is safe, its risky.

ML: How do you mean?

Balsara: It is just a smart way of saying that the biggest risk is not to take risk and play safe. That, in today's world, does not work. It happened like that with my dad in the face of adversity. The business just went when he was too old to start it all over again; that too in the 60s, when things were very different. But he was very gutsy and made a very important decision at that time of moving from the one-hick town of Balsar to

tion, stocks and investments. I don't even know if *Economic Times* existed at that time. Anyway, given this sort of background, the most natural thing for me to do was to go for Chartered Accountancy and I was preparing to do that. Around that time, there was a buzz about management schools, business schools, the IIM-Ahmedabad etc. It was the *la di da* thing to do. So, I started applying to those schools also and as luck would have it, I got admission to Jamnalal Bajaj. In 1970, I packed my bags and came to Bombay. It was not an alien place for me. My mother's family was in Bombay - we had an old ancestral home in Jogeshwari. I passed out in 1972 with a specialisation in marketing. My interest in marketing was kindled by my marketing professor Pran Chaudhury, who was also a practising marketing manager. That made a big difference. We also had a professor called Tarun Gupta who was known to be a toughie. I got interested in marketing thanks to these two people. Mr Chaudhury was a director in Sarabhai. When I passed out from the business school he offered me a job there. It was a hard-core marketing company and was quite ahead of its



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Bangalore. He bought a hotel there and ran a Western-style boarding and lodging. That's how I moved to Bangalore. Our lifestyle changed. It was good for me - better education and more opportunities of all kinds. I went to Bishop Cotton School from St. Joseph's Convent of Balsar. I then did my B Com. My eldest brother was an engineer but my middle brother was a Chartered Accountant. Even my dad was into finance and stocks. I distinctly remember he used to read a paper called *Vyapaar*. I have vague memories of him poring over the paper in Balsar and then in Bangalore.

ML: Did he read the paper because of his commercial interest in the timber trade?

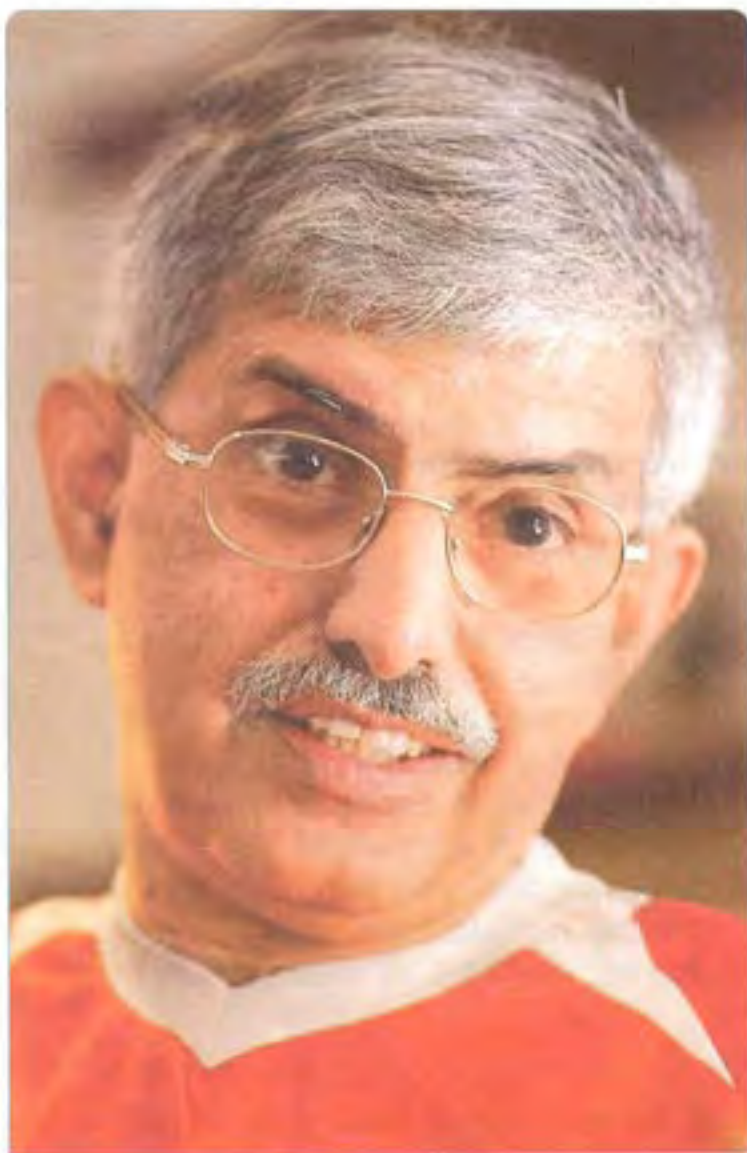
Balsara: Not really. He read it for commercial informa-

tion. The main company was a rather old fuddy-duddy Swastik Oil Mills (making the once famous detergent brands like Det, Sway, Swastik Hair Oil) and I think Sarabhais realised that this company would not be able to fight in the market place. They conceived an interesting strategy. They let Swastik Oil Mills do what it does best, that is, manufacturing quality products at fair prices and set up a separate marketing company called Home Products Marketing which was headed by Pran Chaudhury who recruited modern, thinking, marketing savvy people. The marketing company bought products from Swastik and marketed them through a countrywide network it had set up. This was a brilliant idea for its time. Rather than transform the manufac-

turing company to make it marketing savvy, which would have been tough, it was easier to have a separate organisation. It was also easier to attract talent into a separate marketing company.

ML: What was your most important learning in that period?

Balsara: One of the best parts of that job was extensive travelling. As a brand manager, I travelled at least 10



As a brand manager in Swastik, I travelled at least 10 days a month. Today, most brand managers are not travelling enough. Travelling gave me a very good grounding; I have been to virtually every town in India. If I look back, that provided the foundation for my marketing and advertising career

days a month. Today, most brand managers are not travelling enough. Travelling gave me a very good grounding; I have been to virtually every town in India. If I look back, that provided the foundation for my marketing and advertising career. I am not just a media person or an advertising person or a PR person. I have an overview which I earned in that period. After about four years I moved to Cadbury.

ML: Which year was this?

Balsara: There was something about four years in my life ... I did four jobs and all four were for a period of four years. I started in 1972 in Sarabhais and moved to Cadbury in 1976. It was wonderful that Cadbury was my second job and it now happens to be one of my clients.

ML: Why did you move? Was it because the Sarabhai job was not going anywhere?

Balsara: No. I must confess it was money and a bigger name. Sarabhai were a wonderful company but the salaries were pathetic. So, it was not that Cadburys were overpaying me but in Sarabhais I was really underpaid. I was in Cadbury for four years. I was a brand manager for chocolates and then for Bournvita. Those days Bournvita was a bigger brand than chocolates because there was a huge cocoa shortage and we could not manufacture more chocolates. That was why there was so much focus on 5-Star and other products built around chocolates. It allowed us to extend the utility of the cocoa beans. The aim was to extend production and tonnage with the limited amount of chocolate available. After four years in Cadbury, I decided to change course. At that time Hindustan Thomson Associates was starting their second agency called Contract. We had a very strong and compact team. Mohammad Khan was the creative head, Indrani Sen was the media head and I was the head of client service. Raj Jagga was the boss.

ML: Why did you move from marketing to advertising?

Balsara: I knew that I was not going to become the marketing manager at Cadbury in a hurry. I was also beginning to realise that advertising was a very critical component of the total marketing job and therefore, having spent eight years in marketing, I thought to myself, let me pick up different skills in a related area. One other option was sales. So, you could be in sales, brand management or advertising. I intuitively and instinctively preferred advertising.

ML: And why did you choose client servicing?

Balsara: That's where most marketing people would go because that is the strategic part of advertising.

Managing directors those days invariably came from the strategy side. So, I was in Contract for four years. It was a wonderful experience for me, working with Mohammed Khan. Also, I dare say it was a bit of a culture shock. From being a brand manager of Cadburys, I was suddenly at the beck and call of clients. I think my personality was malleable enough to adapt to this rather shocking change – taking calls at odd hours, rolling up your sleeves and getting down to work anytime.

ML: What were Contract's major accounts at that time?

Balsara: VST was our major account then and I think Contract's claim to fame was the launch of Charms (cigarette), the one which had the denim pack.

ML: Charms was quite a milestone in Indian advertising, wasn't it?

Balsara: Beyond doubt, you have to credit Mohammad Khan with the thinking for that brand. It was completely revolutionary at that time. Although VST respected Mohammad a lot they were extremely scared, worried and not confident at all. Cigarette companies in those days were rigid and conservative and they did think they knew everything –the pack must be like this, the crest must be like that and so on.

idea and your ability to sell it to the client. And you can sell it to the client only if you have earned the confidence of the client. It is this combination that makes an outstanding advertising person and not just that you have come up with an idea. I think what worked for us at that time was not only that Mohammad was very good and had come up with a great idea, but that VST had confidence in him. Otherwise it would have been difficult to do it.

ML: After Charms, Contract Advertising just took off and Mohammad became a star...

Balsara: Yes, I do think Mohammad became a star after Charms. He is a very colourful personality and it was quite interesting to work with him. I was very straight jacketed, linear in my thinking, whereas he was aggressive and disruptive. I learnt a bit of that which was good for me. I do think in an agency you need both. Mohammed's ideas would not have worked without me and I would have been a disaster without him. In an agency you need these complimentary skills. That is why you have 'strategy' and 'creative' headed by two different types of people because they call for two completely different mental attitudes.

After four years in Contract, I moved to Mudra in 1984. It was a small agency based in Ahmedabad and

Anybody can come up with a good idea. My belief today is that it is not just the generation of idea that makes you outstanding. It is the generation of idea and your ability to sell it to the client. And you can sell it to the client only if you have earned the confidence of the client. It is this combination that makes an outstanding advertising person



ML: Yet, some path-breaking global advertising has come from cigarette companies - the Marlboro Man or the Virginia Slims campaign for women ('You have come a long way baby').

Balsara: These are few and far between. The vast majority refuse to change and have a fear of failing. Now, I know from experience that there is no shortage of ideas. Anybody can come up with a good idea. My belief today is that it is not just the generation of ideas that makes you outstanding. It is the generation of an

had only some kind of representative office in Bombay.

ML: Why Mudra?
Balsara: Whenever I changed a job, there has been a change in course. From Sarabhai to Cadburys was not a change to another job. And from Cadburys to Contract again was not a change in job but another discipline. Contract to Mudra was a sea change.

ML: But Mudra was new and when you went to Contract that was new too.

Balsara: Well Mudra was different. By that time the

Ambani flavour was seeping into Mudra. And there was a lot of gossip about what kind of an agency it was, who owned it etc.

ML: The Ambanis were pretty big then?

Balsara: Yes, they were pretty big then, but still not as big. Those were the days of the 'G' series debentures and I remember a Rs 100 crore issue was big deal those days. It was unheard of... and I was in the thick of it. And of course the Reliance World Cup after that.

ML: What was the learning at Mudra? How was it different?

Balsara: It was a sea change. I was the head of the Bombay office. The biggest learning was that the job had to be done no matter what. And it had to be done in double quick time. That was the bottomline. This was not the prevalent culture in ad agencies that time.

Agencies had a more relaxed, laid back, happy-go-lucky attitude. The work culture was different. And the most difficult aspect of this work culture was that I had to work on Saturdays. I am reasonably hard-working but somehow the concept of working on Saturdays took some getting used to.

ML: You were the head of Bombay office. Why did you work on Saturdays?

Balsara: Well, the whole of Reliance was working on Saturdays and that too, full days. That is just how it was. I had several embarrassing situations of having people home for dinner on Saturday when I was still in the office. It took about three months of adjusting. Subsequently I never made the mistake of calling anyone for dinner on Saturdays.

just do it. Where is the question of wondering whether I am enjoying or not? When I look back, it has been a great learning experience for me.

ML: Tell us two or three things you have really learned and liked doing there which prepared you for turning into an entrepreneur.

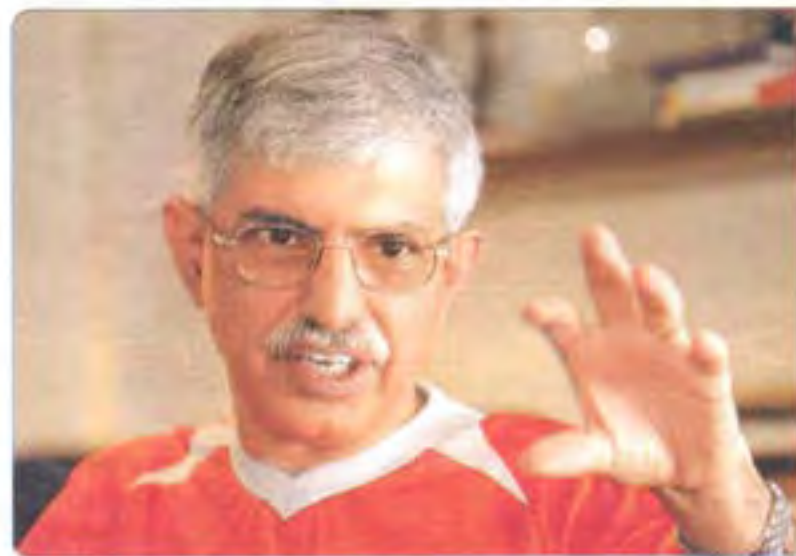
Balsara: The biggest thing I learnt from them was the culture of getting the job done, and getting it done in double quick time. There was no question of saying, 'no this cannot be done'. If an ad had to be released tomorrow, I think most other agencies at that time would have said, "don't be ridiculous" and most other clients would not have expected it of you either. That is the truth, but there, we just did it.

ML: The Indian Express (the legendary war between the Reliance Group and the late Ramnath Goenka of the Indian Express in the mid 1980s) war had started by then, right? How did it affect you?

Balsara: Yes, we were involved in all of that. It did affect me, but not directly. We had to prepare ads and responses and all that.

ML: Were you there during the World Cup?

Balsara: I was responsible for it. We had bought the rights to the whole thing for a bit over Rs 4 cores. It had branding rights, telecast rights, drinks rights, hoarding and banners... We had bought the whole thing lock stock and barrel. It was a phenomenal experience. At that time we did not have email and fax. We used a telex machine to communicate. One of the tasks was to get the telex numbers of Fortune 500 companies and sell them a proposal saying that it is no longer



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ML: Did you enjoy working in Mudra?

Balsara: I think so. Well, one of the characteristics of my persona is that I do not sit back to decide whether I am enjoying myself or not. If I have to do something, I

the Prudential Cup. It is the Reliance Cup now. 'We are giving you an opportunity to come in.' When I was in Mudra, TV happened in India. Hum Log, Buniyaad, Rajni and all that. I have been a champion of TV

because I have seen TV working wonders for my clients. So, I used to aggressively go out and buy TV programmes and sell them to my clients. We also created programmes specifically for our clients and used that space to place ads for them.

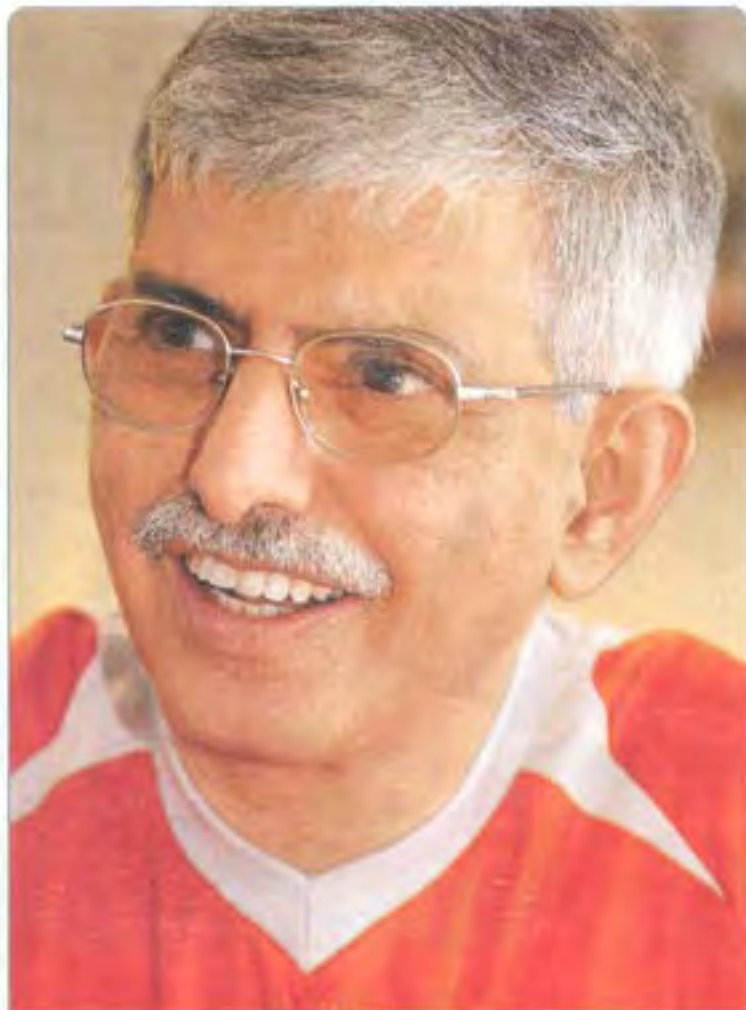
ML: How did this work?

Balsara: You see, TV was not an industry in India. Film was. So, we had to go out and get resources to put things together. For instance, we went to Basu Chatterjee and got him to make a programme called *Rajni* and took it to Godrej. Now Godrej's ads alone were enough to fill the time slots during the programme. So, not only we were creating advertising, we were creating a medium for the advertising to be disseminated. Today this is not necessary because it is the job of Star, Sony, Zee and others to create the viewership but at that time it was our job because Doordarshan would not do anything. This kind of work really helped me later. Looking back, I did well for Mudra and equally Mudra did well for me. It is funny why I left Mudra. I did not leave because of any disagreement or issue. I had begun to believe that a good agency was a small agency with a few large clients. And Mudra had the ambition to become the biggest and largest agency. So, somewhere I had begun to feel that I am not the person who can deliver that for Mudra. I was happier dealing with a few clients and contributing to their growth rather than developing a strategy for Mudra to become the biggest.

ML: You then became an entrepreneur?

Balsara: Well, everybody thought it was a natural thing for me to be an entrepreneur after working for 16 years in a variety of roles. But it wasn't a great passion or a burning desire to be an entrepreneur and make lots of money or anything. Even today, I am not driven by money or targets. I have the same lifestyle for the last two three decades, living in the same house. There have been a few changes here and there... I no longer have a Maruti 800 of course... (laughs). But around January 1988 I was thinking of setting up my own shop. I was fortunate that an agency called Madison, owned by Feroze Elavia, was available. I took over the operations and he became the silent partner. A few years later I bought him out. Buying into a firm was a sensible thing to do because I started with the accreditation and could release an ad on the second day of my joining. Fortunately, two of the Mudra clients - Godrej and Nelco - came along with me without much persuasion.

The first 4-5 years were steady and slow and I was conscious of not biting off more than I can chew. I did



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not have any milestones in mind. My only objective was to see that I should offer solutions to my clients that work for them.

ML: And you were growing reasonably well with this strategy...

Balsara: The existing clients gave us more work, their business grew and so our business grew as well. They also gave us accounts of group companies. There was no need to go out and pitch aggressively. Some five years later, India changed its policies when economic reforms started. That's the time we started thinking



We were the first, thanks to Procter & Gamble, to get appointed to handle the entire media buying for P&G, irrespective of whether we handled the creative or not. It was P&G, which discovered that we had some strengths in media buying. They invited a pitch from all their agencies to handle the media buying separately and we were selected

maybe the 'small is beautiful' philosophy of mine will not work anymore. At that time Godrej tied up with Procter & Gamble. That gave us an opportunity to tie up with a multinational DMBB, which was the agency for P&G in the US. We got together in 1993 but then we decided to part in 1998. We disagreed on principles. And that parting knocked off 75% of our business over a few months. Well, subsequently Godrej and P&G also decided to part ways.

ML: Madison has subsequently grown very fast and is now the second largest agency in media buying and that too without any foreign affiliation. How did this

happen?

Balsara: Well, it started with my role in leading the charge for unbundling the different functions of an agency in India - for which the industry probably hates me. You see, until then, an agency did everything. It got the client, evolved the strategy, did the creative, bought the media space and released the ad. Everything was done under one roof by the same agency. We were the first, thanks to Procter & Gamble, to get appointed to handle the entire media buying for P&G, irrespective of whether we handled the creative or not. It was P&G, which discovered that we had some strengths in media buying. They invited a pitch from all their agencies to handle the media buying separately and we were selected. We led the charge of unbundling the media but we did not stop at that. We felt that what the clients are looking for is not an agency that can deliver all that a client needs. The clients want to deal with the 'best in class' in each area of communication. With this belief we created separate units to offer public relations, retail, even a separate cell to handle the entertainment industry.

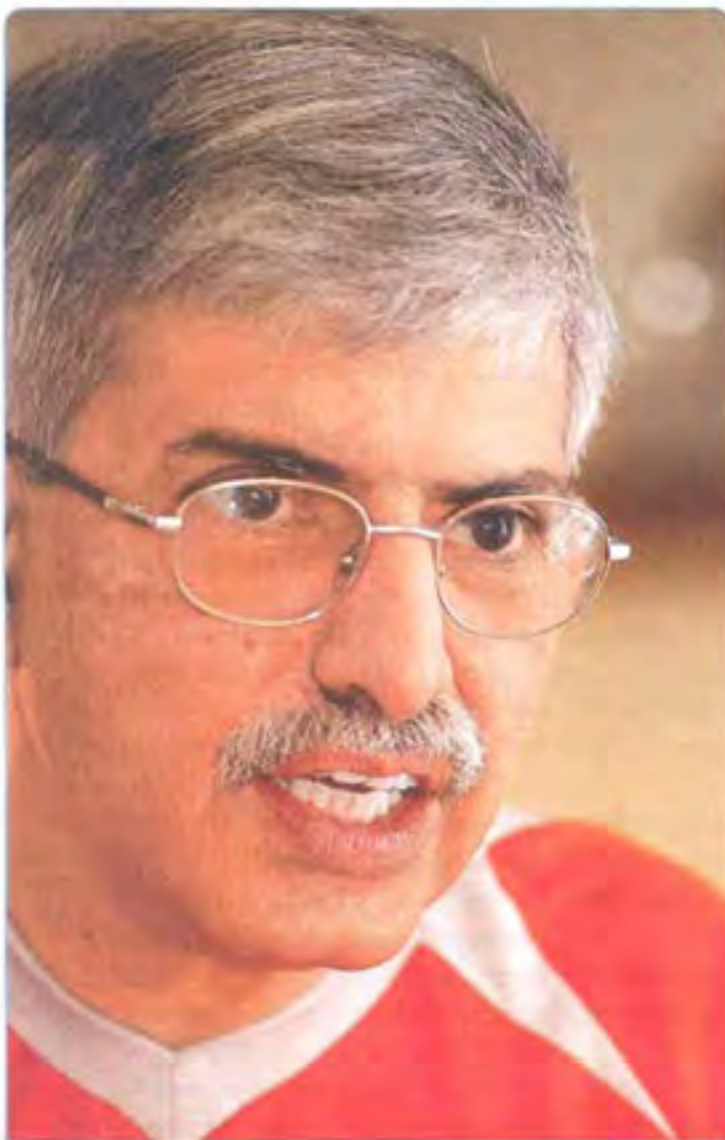
It is my strong view that with the clutter of media and advertising increasing in the marketplace, plain vanilla TV will not work anymore. I have seen TV improve sales of brands manifold but this does not work anymore. You need to have specialised services.

ML: You even have a rural marketing cell. Why did you create that?

Balsara: The existing team at Madison neither has any link nor aspirations relating to rural work. Their psyche is urban. They are not happy going to villages and finding out what drives rural consumption. I have also strongly believed in not setting up something just because it is a money-making opportunity. First, I must feel that the client needs the service and second, I must have a resident expert in that area who can offer that service. Otherwise it does not work. It is no point announcing the launch of a service and then go around putting together a team. In rural marketing, I have a guy called RB Rajan who ran an agency in Chennai. When I met him and evaluated his clients, he had a solid rural focus in everything he was doing. I took him over and it became the new rural unit of Madison. I came across a bright young person in outdoor and he set up our outdoor unit.

ML: Does each of the unit heads have a stake in their businesses?

Balsara: Yes, there are different kinds of combinations but we have a very effective structure whereby the fortunes of unit heads are fully aligned to the fortunes of



We are aware of our strengths. We are not about to deliver the agency on a platter to a multinational firm. If the offer is in the interest of our clients, our employees and our stakeholders, we will consider it. If someone offers us a price based on the logic that 'anyway you are going to die' then that is not a logic that we are ready to accept

their units. If the unit does not do well, they don't do well. We make sure that there is motivation to deliver. I also strongly believe the best manager is the owner-manager. A professional manager cannot match up to the owner manager's professionalism, gut-feel, intuitiveness, ability to assess risks. Therefore I think in my ideal structure, I would want all my CEOs to be

owner-managers because that is the most effective form of management. A lot of times, people say they do not understand money. I say, 'look when you go out and buy something for yourself, at that time you understand money very well. You drive a good bargain, you examine all the options, because it is your money. Business is very much like that. It is another thing that you may not wish to understand it'.

ML: The advertising business is substantially dominated by foreign-owned agencies. Most of the Indian clients are going to foreign-owned agencies too. You do not have the foreign affiliations that almost all your competitors have. And yet, today Madison is the number two media buying agency. How did you achieve this?

Balsara: One of the key reasons is that we have a single source of income - only from the client. We have limited, large, blue chip companies as clients, who are demanding and who understand the role that astute media buying strategies can play in building their business and profits. We also have large and dedicated teams to do justice to clients' businesses. We have by far the highest number of people per business and of course also highest billing per client. Finally, we are focused only on productive expenditure that contributes to client delight and on minimising expenditure on non-productive areas like travel, conferences, unnecessary expenses etc.

ML: What do you make of the new media launches and the increasing clutter (to which we have added our own)?

Balsara: The proliferation of media is not good news for the advertiser, because it diminishes the return on investment. But the proliferation of media also brings down prices and as I have learnt, rather late in life, you cannot quarrel with the power of pricing. If media is available at low rates, clients are tempted to take it.

ML: What about the future of Madison?

Balsara: Well, my business is doing well and I have said this before so it is not new. It is not that we have a philosophical disagreement with partnering or selling; we have done it before and are not averse to doing it again. But we are aware of our strengths and we have built a good business. We are not about to deliver the agency on a platter to a multinational firm. But yes, if the offer is good and it is in the interest of our clients, our employees and our stakeholders in that order, then we will consider it. But if someone offers us an opportunistic price based on the logic that 'anyway you are going to die' then that is not a logic that we are ready to accept.