

Puravankara: Leadership, strategy and company culture a case study on Puravankara

Latha Krishnadas Mazumder

Al Khawarizmi International University, U.A.E

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Abstract

This Case Study focuses on the importance of creating a sustainable business. It outlines Puravankara's commitment to sustainability concerning its stakeholders, that is, its employees, customers, the environment and the community. In the fast paced world of real estate, consumer satisfaction and personal care in providing the best amenities for a peaceful safe living, and innovation in service delivery is the key to success. To keep ahead of their competitors, Puravankara needed to create a company culture that allowed new ideas to thrive. This case study focuses on the leadership and the strategies adopted by the core team that Puravankara uses to achieve above average growth within the industry and the importance of innovation and marketing to this global organization.

As a result of reading this case study, students should be able to:

- Explain how employing the right people with the right attitude can influence the success of an organization
- Discuss the importance for a global business to develop a marketing strategy including branding and advertising
- Evaluate the use of constructive conflict and employee diversity within Puravankara to gain a competitive advantage in terms of innovation and speed-to-market
- Outline different leadership styles and determine where the management team at Puravankara would fit.

Introduction

To be successful in the fast-paced world of real estate, one needs to think big. Since its inception in 1975, Puravankara has believed that there is only one mantra for success: Quality. This credo combined with uncompromising values, customer-centricity, robust engineering, and transparency in business operations, has placed it among the 'most preferred' real estate brands in both residential and commercial segments.

The Company has grown from strength to strength, having successfully completed 43 residential and 2 commercial projects 18.92 million square feet. Currently, it has 27.97 million square feet of projects under development with an additional 83.22 million square feet in projected development over the next 7-10 years. An ISO 9001 certification by DNV in 1998 and a DA2+ rating by CRISIL are testament to Puravankara's reputation as a real estate developer of the highest quality and reliability standards.

The Group commenced operations in Mumbai and has established significant presence in the metropolitan cities of India, that is Bangalore, Kochi, Chennai, Coimbatore, Hyderabad, Mysore and overseas in Dubai, Colombo and Saudi-Arabia.

Strategy and Organization Culture

Puravankara's strategy has always been clear: employ the right people to drive above industry-average growth and turn it into a more successful organization. Ensuring this central

message is clearly communicated to all stakeholders makes good business sense. By focusing on the common goal, both investors and employees can be confident they understand the company's vision and the strategy to achieve their objectives. Employing and retaining people with the right principles and attitudes helps to create the culture and approach to business that makes Puravankara unique.

To stay ahead of the market, Puravankara needs creative thinking and employees who are willing to take a risk on new ideas, as well as a leadership team prepared to support them. According to the *Founder, Chairman & Managing Director* of the group, Mr. Ravi Puravankara and as mentioned in the "Annual Report - 2011-2012" (Source: the organization website), the impetus behind Puravankara's reputation and superior market positioning stems from a single-minded focus to create that distinctive edge in all their brands. To achieve this and to be ahead of competition, the most important factor has been how the top management handles the execution and implementation of projects. The company has achieved a sizeable scale now, however, going forward, the team has a much larger plan; and accordingly, the top management team has identified factors that play a vital role in improving efficiency at all levels.

However, Puravankara has identified the needs of the market segment, their preferences and their affordability and have strategically aligned with the market requirements to cater to the customer preferences accordingly without compromising on quality and service delivery. Focusing on their brands makes sense, as the profits from these innovative projects alone make up a significant portion of the company's total revenue. Puravankara invests heavily in these brands through advertising and marketing to maximize the returns and grow their market share. They also concentrate on continual innovation, listening to the needs of their customers and looking for ways to make their projects better.

Another key strategy is to focus on organic growth. This refers to the development and growth of their existing brands; they only look to add new projects if they significantly contribute to financial or market value of the company.

Like all good businesses, Puravankara is continually looking for ways to reduce its operational costs so that they may be in a position to offer the best quality in the industry with a reasonable pricing strategy. Managing costs by eliminating waste and improving efficiency contributes to their aim of turning growth into profit. Squeezing costs at every opportunity is an important aspect of cash management and is reflected in their above industry-average profits and growth rate.

The Brand Identity

Puravankara Projects Limited, 'the pioneers of community living' is the first developer in India to extend round-the-clock sales support to customers. The service which was launched after the company established prominent market presence in the Middle East is directed at NRIs. Indians the world over can avail of this convenience, irrespective of time-zone.

Commenting on the initiative, Jackbastian K. Nazareth, CEO, Puravankara Projects said "We continue to strive for excellence through the highest levels of customer service. Our 24/7 customer service desk provides decision making support to numerous Indians abroad who seek to fulfill their dream of owning a home in India, but have not had the time or means to do so".

The following is the Chairman and Managing Director, Mr. Ravi Puravankara's views as mentioned in the Company's "Annual Report - 2011-2012"

"Celebrating over three and a half decades of excellence in the Indian real estate market, our Company is poised at a very interesting juncture of its growth path. The impetus behind our reputation and superior market positioning stems from our single-minded focus to create that

distinctive edge in all our brands. To achieve this and to be ahead of competition, the most important factor has been how we handle the execution and implementation of our projects. Our company has achieved a sizeable scale now, however, going forward, we have a much larger plan; and accordingly, we have identified factors that play a vital role in improving our efficiency at all levels.

We are constantly improving our delivery capabilities, and we are focused at enhancing our technological capabilities for our in-house construction operations. We are currently executing 28.04 million sq. ft. of projects across the cities of Bengaluru, Chennai, Coimbatore and Kochi. We are aggressively looking at expanding into newer markets with a clear aim of becoming a Pan India player by the close of this decade.

With a renewed focus across functional areas, we have drawn up our key result areas for each of our verticals. Efforts are on to re-structure the organization design besides the systems and processes which are being put into place. Acknowledging the intensity at which we work, we are clearly defining the qualitative and quantitative results that must be achieved within the stipulated timeframe. This requires timely formulation and implementation of detailed action plans for each vertical, clearly defining the roles and timelines, which each member of our management and staff of the group are working towards.

Achievement and accomplishment are among the most satisfying pleasures of all. Finishing a project on time and within budget, improving product and service quality, outshining the competition with a new idea, all these give delight and define success. Keeping this as the strategy for our coming years, we are poised to scale up our project execution and marketing capabilities at an aggressive pace and unlock the underlying potential of our Company.

At Puravankara, we have been privileged with the prolific trust and support of all our stakeholders. I would like to thank each one of them for their continuing belief in our capabilities. I look forward to your continued and trusted companionship on our journey forward.”(Source-organization website)

Marketing

Puravankara’s brands are supported by an extensive marketing strategy. They spend a significant portion of their net revenue on media advertising – higher than any of their competitors. Not happy with simply trying to gain a greater share of the market, they invest with the aim of actually growing the entire group projects.

Innovation

In a market where there are many competitors all dealing very similar projects, differentiation is a key tactic in setting your services apart from the rest. In the markets that Puravankara competes in, innovation is vital and essential to sustain. Instead of spending large amounts of money researching and developing new projects, they use extensive market research and Business Intelligence to determine what the consumer wants and needs, in order to make their use of the apartments even more comfortable and convenient with extra amenities. These are sometimes big innovations but often many smaller ones, where they can incrementally improve projects, implementing a few changes that may save the consumer time or make the apartments more convenient to use, and that they are prepared to pay more money for.

Culture and People

A strong corporate culture is an important part of any good business and attracting and retaining the right people has been a key part of Puravankara’s success. A company only

performs as well as the people it comprises. To create long-term shareholder value, a company must attract and retain the finest talent. It must nurture people to bring out the best in them. Sustainability is an essential part of talent management. In today's competitive labor market, the most sought-after employees often express a desire to work for a socially responsible company. The old concept of 'jobs for life' no longer exists. Job-hopping is common, as employers are well aware. Employee retention has become a key challenge. Puravankara has responded by creating a place where people want to work.

Treating employee's well, sets up a chain reaction. Satisfied employees stay with the company. They treat their customers well. Satisfied customers stay loyal to the business. Loyal customers increase profitability. This emphasizes how important it is to provide employees with a great work environment and flexible work options.

Attitude observed in the manpower

- Achievement – we don't just aim high, we always aim to out perform
- Entrepreneurship – we allow daring ideas to thrive
- Team Spirit – we work as one united by common principles and attitudes
- Ownership – we take initiative to do what's needed.

Cultural style

Puravankara has a unique culture of 'constructive discussion' and values this as a positive problem solving tool. Rigorous discussion and debate is encouraged at their meetings and participants are expected to come well prepared to put forth their ideas and to have thought it through very carefully. At the end of the meeting a decision is made – often justified and proven concepts in the best interest of the organization's long term goals. The team then agrees to get behind and support the decision and move on.

Debate often stems from the significant diversity that exists within the organization, with employees bringing different ideas and perspectives to the table. Diversity within their management team is crucial to understanding and developing the markets in which they operate.

A global company needs employees with different back ground and perspectives as it encourages 'risk' taking. It increases its ability to challenge any "it won't work in this market" parochial thinking. Diversity improves creative thinking, challenges existing consumer behavior models and brings a wealth of ideas to the organization.

Speed and action

Generating the ideas and making quick decisions is only one aspect, however, getting those ideas to the market fast is imperative. The first to market has the advantage – and the faster the innovation comes to market the longer you have to take advantage of first mover economics. The company structure at Puravankara is flatter than most other organizations. Middle management is limited, bringing the executive team in closer contact with those on the 'front line'. This helps generate faster response times and also reduces office politics, giving employees more control over their work.

In such a fast paced market, where consensus is not sought, there is no patience for lengthy meetings, glossy presentations or political power plays. Swift decision making is vital if Puravankara expects to be first to market. In an industry that relies on innovation to succeed, they need strategies to get their new ideas to market before their competitors. At Puravankara, decisions are made fast and innovations are driven globally. As a result, within few years of launching in the market the apartments was being sold in a fast track around the globe and has sustained the first-to-market advantage.

Performance

Shares of the real estate major Puravankara Projects rallied after the company reported the growth of 36 per cent in net profits for the quarter ended June 2013 at Rs. 68.16 crore. The total income of the company witnessed a strong growth of 49 per cent at Rs 369 crore from Rs 247.4 crore during the year ago period.

Puravankara recognizes the value of their high performing employees and they are prepared to pay for it. Remuneration is consisting of a base salary plus incentives such as bonuses and share options for those who feel confident to push their ideas to get great results. International, speedy mobility is part of their cultural style. Given the global stature of their brands it is an advantage for the management team to move between international offices as their career progresses, gaining experience and invaluable insights into operations and product performance in different markets: taking ideas from one market and introducing them as radical in another.

The leadership

A good leader may be described as one who influences, motivates and enables their employees to do their job well and contribute to the success of the organization. There are a number of theories of leadership styles.



It is thought that all leaders fit into one of these styles or somewhere in between. The leadership style at Puravankara would lean more towards Participative, but not Democratic. However, crucially, it follows distributed leadership principles. Organizations are dynamic and changing entities. Variables associated with organizational change have been shown to serve as mediators of several individual difference variable/work related outcome relationships.

The team at Puravankara is led by the Chairman and Managing Director, Mr. Ravi Puravankara and Ashish Puravankara is the 33-year-old Joint Managing Director of the Puravankara Group. Since joining the company in 2000, Ashish has played a pivotal role in its growth. His strong entrepreneurial skills are being leveraged in strategy formulation, operations, financial management and enterprise development.

Ashish is responsible for establishing Provident Housing Limited, a wholly-owned subsidiary which targets middle-income consumers with affordable homes of premium quality. He is also instrumental in implementing best practices in construction with a focus on reducing project delivery time. Ashish is at the forefront of the organization's initiative to expand into newer geographies and consolidate its growth strategy. Mr. Nani R. Choksey has over 35 years of experience in the real estate development, construction and finance sectors. He has been associated with the Group since its inception in 1975. He is a Founder Director and played a

pivotal role in the growth of the Company. He has been actively involved in all projects of the Company.

Mr. Anup Shah has over 32 years of experience in the legal field. His areas of expertise include commercial and property due diligence, corporate and commercial litigation, property related issues, land laws, arbitration and alternative dispute resolution.

Mr. RVS Rao has been a director on Board since 26 December 2006. Mr. Pradeep Guha has over 37 years of experience in the fields of media, advertising, marketing and branding. He has been associated with the print medium for 29 years and was the President of The Times of India Group, as well as on its Board of Directors. He is the Vice-President and Area Director of International Advertising Association, Asia Pacific region. He has been a director on Board since 26 December 2006.

Jackbastian Nazareth serves as Group Chief Executive Officer of Puravankara Projects Limited. He is a seasoned professional with over 22 years of experience in real-estate development, corporate affairs, financial management and civil engineering consultancy. Jackbastian Kaitan Nazareth comes with 22 years of strong, decisive executive leadership in well known organizations and an extensive background in complex and challenging environments along with proven ability to represent the company with customers and business partners. He has strong business acumen with skills to remain on the cutting-edge; drive new business through conceptualizing strategies, augmenting and streamlining networks. An accomplished professional, he successfully manages Business Operations, as well as achieve year on year growth in business and revenue targets across assignments. Jack is endowed with strong entrepreneurial skills that have been put to good use in establishing operations, inclusive of financial management and enterprise development across verticals. He also has deep insight into 'International Standards' of business.

He comes with a rich experience in real estate in the areas of sales, customer service, and business development. Jack was handling the sales & marketing portfolio and was involved in developing processes and strategies for selling of residential projects. He was instrumental in setting up avenues for sales, setting benchmark practices for customer relationship management and pioneered the organisation's initiatives of building a strong brand from a customer interface, customer delight and also conceptualize the selling, select pricing and be an interface for legal documentation for residential buyers, finance modules. Jack has a Bachelor's degree in Civil Engineering and an MBA from the Goa Institute of Management with a specialization in Marketing and Finance. Anil Kumar is Chief Financial Officer at Puravankara Projects Ltd. His career experiences of over 20 years have run the gamut of Treasury, Finance, Accounts, Audit, Investments, Capital Market Operations roles in domestic and overseas markets. Anil has been associated with real-estate sector for nearly a decade.

V. Madhu is Managing Director at Provident Housing Limited (a wholly owned subsidiary of Puravankara Projects). He is an I.A.S. (Retd.) officer, with 33 years of work experience with the Government of Karnataka. He has held several prestigious positions including Principal Secretary Infrastructure Development, Principal Secretary Revenue Department, Managing Director Bangalore Metro, Managing Director -KPTCL, KSRTC, MSIL, MGML, Cabinet Secretary, Rashtrapathi Bhavan, New Delhi, Secretary, Finance, Education, Zilla Parishad, Commissioner (Commercial Taxes).

Discussion

In many ways literature on leadership can be taken as also indicative of the qualities needed to be successful global manager. Anyone aspiring to be a global manager has to think like a leader and demonstrate leadership qualities.

From a recent survey of various studies on adaptive organizations, Harwood (1992) prepared a checklist of 25 different characteristics. As a part of this research Harwood also outlined the qualities of adaptive managers. Some of these include: vision driven (think big, think long term), balance short and long term goals, persistence, curiosity, energy, self-motivation, unconventionality risk-taking, broad entrepreneurial background, open mindedness, active listening skills, ability to integrate, credit and empowers, others, continually learning* proactive, manage ambiguity, honor commitments-, deliver results, maintain character and values, creative, innovative, and change masters. From the experience and expertise at Puravankara core top management team, it can be observed that the leadership and dedicated efforts have proven track record of achieving heights and has developed a good corporate culture that might create a role model for organizations in the real estate industry.

Conclusion

Since the inception, Puravankara has seen phenomenal growth and success. A clear and consistent strategy has led to above industry-average returns for each of the years of operation and kept them well in front of their competitors. A priority on employing the right people to create a company culture of performance and innovation has been a key driver. Embracing the diversity within the company to encourage creative thinking and rigorous debate of ideas has seen the rate of innovation of their products double since the merger. Finally, their strategy of investing heavily into their project brands has reinforced their position as a leader in household, as a quality real estate organization.

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