



October 2021

EMPOWERING TIMES



THINKING ALOUD

Seasons in the sun!

Jay

PODIUM

Ramesh Ramanathan
CMD, Sterling Holiday
Resorts Ltd.



WE RECOMMEND

Harsh Realities
Harsh Mariwala and
Ram Charan

Dear Reader,

With the festive season just around the corner, families are looking to spend time quite differently...away from home! After being in confinement for months on end, the 'Desi Travel' trend is making waves as domestic travel is unpacking a plethora of opportunities. Buzzwords such as revenge travel, staycations, work from home – away from home, vacation rentals, are re-defining the hospitality & leisure sector as we know it.

The theme for **ET** this month is '**Staying resilient in the Hospitality Business in the pandemic world.**' We hope you are inspired by this edition and take the much needed break, continue to stay safe & enjoy the festivities ahead.

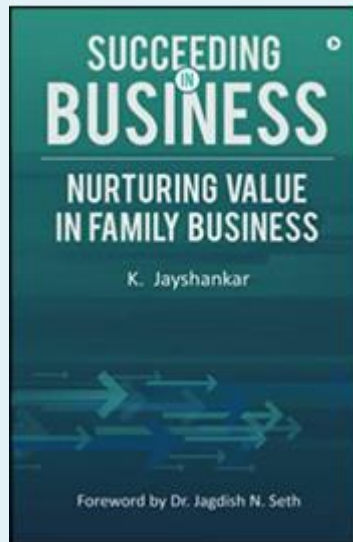
In the **Thinking Aloud** segment, **Jay** shares his views on how the tourism sector is making a comeback to reclaim its lost glory. On the **Podium**, hospitality professional and Managing Director of Sterling Holiday Resorts, **Ramesh Ramanathan** expects that the leisure hospitality will adapt itself and grow out of this pandemic especially with some help from automation & digitalization. In the **We Recommend** section, **Jay** reviews **Harsh Realities** by Harsh Mariwala & Ram Charan, a book that goes behind the scenes of how Mariwala had beaten all odds to build a successful FMCG brand in India.

In **Figures of Speech**, **Vikram's** toon heralds in the next happy wave!



New Offering:

Succeeding in Business: Nurturing Value in Family Business



What is common between Walmart, Reliance, Toyota, Samsung, Ikea, WIPRO? They are all Family Businesses. Many of the world's biggest businesses are owned by families, and many have thrived over decades, generating employment, and contributing immensely to their country's GDP.

What makes some family businesses grow from strength to strength? How do you ensure that value is created and not destroyed when a business passes hands from one generation to the next in the Indian context? How can old families incorporate new ideas to revitalize themselves? Is there a role for professional management in Indian family business?

This book offers answers to the vexatious issues that families face in their growth journey. The pointers provided can be used as a guide for nurturing the business and to leverage the traditional strengths that family businesses possess. The pitfalls that can derail a business are well illustrated to serve a cautionary lesson against value destruction of family wealth. The emerging role of women in family business is also highlighted. The book is replete with real examples to make the principles and practices come alive for a reader. This book will be a powerful guide to a family that intends to perpetuate its business and navigate a wise path to the future.

As a counsellor and trusted advisor, the author, **K. Jayshankar (Jay)**, has had a ring-side view of how family businesses have functioned. The practical insights drawn from his experience of four decades has been combined with conceptual elements to become a valuable primer for a family that wishes to succeed in the competitive marketplace that is India.

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[Click here](#) to connect with Jay.



Please also [Click Here](#) to check out our Special issue of ET, which is a collation of selected themes that were featured over the years highlighting the changing landscape of the business world. This special edition has been well received and can be [Downloaded Here](#) for easy reading and is a collector's item.

As always, we value your opinion, so do let us know how you liked this issue. To read our previous issues, do visit the Resources section on the website or simply [Click Here](#). You can also follow us on [Facebook](#), [Twitter](#) & [LinkedIn](#) - where you can join our community to continue the dialogue with us!

THINKING ALOUD

Seasons in the sun!

Jay

With the world heaving a sigh of relief while rubbing a sore arm post vaccination, vacations are back in fashion. Undoubtedly, the pandemic is not over - and the vaccinated few are the privileged - but the collective desire to escape from the confines of the security of the home during lockdown, has seen an upsurge in holiday travel. A new term has thus emerged, 'revenge travel', to describe the seemingly madness that has possessed a large number of people who wish to break free from their 'prisoner' status during the pandemic induced lockdown. Yes, the lockdown was exhausting and tested our resilience like never before in recent memory. Even at the best of times, urban living has its challenges, with cubby holes passing off as residences. Coupled with this was the fear psychosis generated from daily press bulletins of endless calamities across the globe. Add all this together, and it did seem at the height of the pandemic, that doomsday was just around the corner. Hence, despite the needless

confusion through endless press debates about vaccine efficacy, many of the vaccinated - and the unvaccinated - decided to take their chances and head to the hills, beaches...anywhere, for that matter...away from home! It became a wonderful revenge to being an at-home prisoner!

The concept of vacation fits perfectly with industrial living. Just as much as machinery needs a break for planned maintenance to ensure longer-life and efficiency, industrial living requires us to take a break from the tedium of office-work, and a chance to revitalize oneself, before plunging back into the hurly-burly of the daily grind. Of course, true vacations are only for the well-off, as the under-privileged have a daily subsistence challenge to encounter. However, rising living standards across the globe has created a large tourism and hospitality industry, and in India, one in ten is employed in this sector. Estimates indicate that the travel and tourism sector contributed about 7% of India's GDP, and it is pegged to rise much higher in the coming years.

It is worthwhile to keep in mind that tourism takes various forms. While broadly divided between international and domestic tourism, experts inform us that there are many shades including Ecotourism (think rustic, green and organic), Adventure (think mountains, seas, caving, etc.), Wildlife (think safaris), Sports (think Olympics, Asian Games, World Cup Football/Cricket), Religious (think Kumbh Mela, Vatican, etc.), Medical (think high quality and economic healthcare ventures), Historical and Cultural (think forts, palaces, museums, etc.), and many more. Yes, smart marketers in the industry slice and dice their product and create niches (including branding countries through innovative campaigns - Amazing Thailand, Malaysia Truly Asia, Brilliant Barbados, Only in Dubai, etc.). Globally, tourism is the primary industry in some countries, and they are doing their utmost to roll out the welcome carpet to bring life back into their economy.

All the best laid out plans for growth in the travel, tourism and hospitality sector were demolished by Covid-19 across the world, as is well known. Reportedly, the revenue loss in the Indian hotel business alone is over Rs. 1.3 trillion in 2020-21. The desperate pleas to the government for relief to players in the sector have been unmet, say spokesmen of industry bodies, but the government is touting its policy of issuing free visa for five lakh foreign tourists up to March 2022, a measure they said worth Rs. 100 Crores to the exchequer. And, with the recent announcement of permitting foreign tourists to return from October/November, there could be better times ahead for the tourism and hospitality sector. Government data shows that in 2019 the country welcomed 10.93 million foreign tourists which provided an economic boost of USD 30 billion to the sector. It is interesting to note

that official figures show that an average foreign tourist spends 21 days in India at a budget of USD 34 per day. Surely, there cannot be many other value destinations for this rate in the world?

The government's innovative push for domestic tourism was the 'Dekho Apna Desh' promotion last year with a financial incentive to travel to 15 locations in India by 2022. The move was welcomed widely but the pandemic upset this applecart as well. While the message of Incredible India has been the selling point to the world outside, the travel hassles due to Covid-19 has created a market for domestic travelers too. It is time for home-grown tourists to discover their own country by driving off to the interiors (away from the usual cliched holiday spots) as road connectivity too has tremendously improved in recent years. With the promise of road travel between Delhi and Mumbai in 12 hours by January 2023, increased air connections to new locations through the Udan scheme, and the rise of the middle class, it is indeed a good time to bet big on the tourism and hospitality sector once again.

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Podium

Ramesh Ramanathan CMD, Sterling Holiday Resorts Ltd.



Ramesh Ramanathan is the Chairman and Managing Director of Sterling Holiday Resorts Limited, a leading leisure hospitality brand in India.

An alumnus of the Indian Institute of Management-Calcutta, he has a rich experience of over 4 decades spanning across a range of industries, out of which, he has spent more than 25 years, leading organizations in the leisure hospitality space.

Mr Ramanathan's career in the leisure industry began with Sterling Holiday Resorts in 1991, where he worked to successfully position the company in the Global Vacation Ownership market. Also, as the founder of Mahindra Holidays and Resorts, Mr. Ramanathan is responsible for the establishment of the Club Mahindra brand.

Between these two organizations, Mr. Ramanathan has brought tremendous focus on leisure in general and domestic tourism in particular - and has been instrumental in putting many exotic destinations on the Indian tourist map: Munnar, Coorg, Yelagiri, Ashtamudi, Karwar, Kumbalgarh, Kufri and Binsar, to name a few.

Returning to Sterling in 2011, Mr. Ramanathan has transformed the company from being a Vacation Ownership company to one that straddles the leisure hospitality business - with two strong verticals: The Membership Business and the Hotel Business that includes individual guests, corporates (MICE), Destination Weddings, Reunions and Picnics. Under his leadership, Sterling re-launched its brand in December 2017.

The advancement of the company under him was furthered by its acquisition by Fairfax Financial Holdings Limited - a global investment and insurance holding company, headquartered in Toronto, Canada with global assets worth more than USD 74 billion.

Mr. Ramanathan is the Founder, Member and an Ex-Chairman of the All India Resort Developers Association (AIRDA) and has served on the National Committee of Tourism, Confederation of Indian Industry (CII). Outside of the business world, Ramesh is also a connoisseur of art and Carnatic music.

ET: The Covid-19 pandemic has suddenly turned the world upside down. The hospitality sector perhaps felt the biggest brunt. How has the sector coped?

RR: This has been a singular year for all of us due to the Covid-19 pandemic. Our country's economy was the fastest growing one in the world - but last year, our GDP contracted by nearly 8%. The hospitality industry was perhaps the worst affected, taking a hit in excess of Rs. 1.3 Lakh Crore in revenue due to the pandemic.

However, different segments within the hospitality industry were impacted to different extents. Typically, business hotels that depended more on business travel and foreign guests were impacted severely and are taking longer to recover. The continued restriction on inbound arrivals and the increasing trend of work-from-home policies among corporates impacting business travel, has meant that business hotels are seeing a "U" shaped recovery and are having to resort to reductions in average room rates (ARRs) and value-added products like staycations to try and increase occupancies.

On the other hand, resorts in the leisure hospitality segment, located in holiday destinations have seen a "V" shaped recovery. After the first lockdown there was a quick resurgence of tourists - as a consequence of people being confined to their homes for a prolonged period - what can be called 'revenge tourism.' The continued restrictions, especially for inter-state travel and the overall worry that people had about public transport, meant that most holidaying was to drive-to destinations.

The travel and tourism industry is known for its resilience. Even though it bore the brunt of direct impacts of the on-going pandemic, the sector has been quick to adapt and modify according to the latest practices and align itself

to the priorities of its guests. By quickly adapting new and stringent measures of hygiene and safety, the larger companies have been able to give the guests reassurance and confidence to holiday post the lockdown.

Smaller companies with stand-alone properties are finding the going tough, while we can expect larger chain-properties based companies to be able to withstand the impact better and come back strong.

ET: Globally, the rise in vaccinations has created a surge called 'revenge vacations'. Is the Indian hospitality sector also seeing a revival? What is your prognosis?

RR: After the first lockdown, there was a lot of confusion, both in people's minds and in the way states were imposing travel restrictions. While the pent-up need did see an upsurge in 'revenge tourism' most of it was restricted to drive-to holidays within the state. There was also a clear trend of people making last minute bookings, 1 or 2 days before the start of the holiday, owing to the fluid situations prevailing.

On the other hand, post the second lockdown, there has been much better clarity. The lifting of lockdowns and the gradual relaxation of travel restrictions was smoother, and the people too were clear on how to handle the restrictions and were sure about what to do. The booking window is once again going up to 5 to 6 days and there is booking a month earlier for the post-Diwali high season periods.

For the first time, we are seeing bookings during the festival season which are comparable to pre-Covid times.

The increasing coverage of vaccinations has had a clear and positive impact on the confidence of people to holiday. Most larger players in the industry too have taken active steps to ensure their staff are fully vaccinated.

Some trends are continuing though. We are seeing guests preferring to travel to destinations that are away from the hustle and bustle of the cities, but are not wanting to travel too far. They are preferring to travel to destinations that are 3 to 4 hours from the city.

Sterling has observed that guests are cautious and more aware and prefer going to resorts with all the safety measures and necessary precautions in place. And it is important that hotels and resorts closely work with the local authorities and health departments in implementing the latest practices and processes.

ET: Please share your thoughts on the use of technology in the hotels & tourism sector. How will this shape your industry?

RR: With the onslaught of the pandemic, technology has seen increased use over the last one year, right from QR code embedded menus for dining experience to seamless pre-arrival check-ins and check-out procedures. Communication options for sharing and updating the e-pass to the hotels directly also has assisted in travellers securing their holidays before they start their journey. Digitalization in the hospitality industry will always be a welcome move. Automation improves productivity and customer satisfaction enabling increasingly efficient, minimal-contact service delivery. Digitalization has provided guests with the perfect mix of impeccable service without compromising on the Covid protocols.

ET: Can you tell us about your company, Sterling Holidays? How has your firm adapted and modified its business model to meet the demands of the post-pandemic travellers?

RR: Sterling Holidays is one of the leading brands in the leisure hospitality segment. Sterling currently has over 35 resorts, across the country, aimed at meeting the multiple holiday needs of the Indian customer - from leisure holidays in the hills, beaches, waterfronts and jungles to quick breaks in drive-to destinations, to visiting heritage locations and pilgrimage destinations. It also owns a subsidiary company - Sterling Nature Trails with 4 adventure resorts.

Our aim is to continue expanding and come up with more resorts across the country. With the recent announcement of 5 new resorts at Alleppey, Gir, Kalimpong, Madurai and Tiruvannamalai, Sterling's inventory will move to 2,400 rooms in 38 destinations. This is in line with the brand's aggressive strategy to double our room inventory to 5,000 rooms by the year 2025. The approach will be to continue to expand using an asset-light model of taking up resorts on Management Contract.

31 Sterling resorts are rated greater than 4 [on a scale of 5] on Trip Advisor. 2 resorts were recognized by Trip Advisor as the Best of the Best and featured in the top 25 Hotels for families in India and Asia.

Sterling has a unique hybrid model: It has a membership business and also sells holiday packages like a regular hotel. In the membership business, Sterling was a pioneer, introducing the concept in the country and has more than 100,000 families as members. It has two types of memberships: The flagship 25-year membership and a 10-year membership primarily targeting Millennials.

Along with selling regular holiday packages, Sterling also caters to conferences, destination weddings, reunions and more recently to picnics too.

Sterling also was impacted by the pandemic but recovered smartly. While following guidelines on lockdowns and adhering strictly to safety protocols set forth by the State & Central Governments, Sterling used the lockdown periods to change its strategies and took up several measures to cope with the situation.

Sterling adopted several digitalization measures in order to make changes in the processes followed in the resorts enabling: minimal contact check-ins, food ordering through digital means and QR codes. All resort staff were vaccinated to protect them and the guests. Staff were multi-skilled to optimize manning during the low occupancy periods.

The entire Member Acquisition process, which used to happen face to face, was made virtual in line with the Covid norms. Sterling also introduced a lighter version of the membership - Vantage - a 10-year membership, aimed specifically at Millennials, which proved highly successful.

Sterling has launched several sub-brands that add new experiences for the guests and are revenue generating opportunities within the resorts:

"Sterling LOCAL" - is our new signature Resto Bar with a unique concept. True to its tagline "Celebrate. Desi." - LOCAL celebrates everything desi, highlighting the local flavours, using local ingredients to give international favourites a unique twist. While the concept is constant across resorts, the menu changes from resort to resort.

"Sterling Subuthi" - is our re-launched Spa where customers can "Discover Good Living." With therapies ranging from 10-minute mini-treatments to 90 or 120-minute deep therapies, the Spas provide a set of signature therapies unique to Subuthi.

"Sterling Swirl" are weekend specials. Saturday night barbecues and Sunday morning brunches that provide the guests with fantastic gastronomic experiences to enjoy with the family.

Recently, Sterling has launched "Pet friendly resorts" for its members to bring along their canine pets on holiday - with special packages, treats and services aimed at the pets.

Sterling is also launching "Sterling Picnics" for guests to escape from the city and pamper themselves while they spend quality time with family and friends in the resorts. The resorts are well spread out with a lot of greenery and naturally lend themselves to social distancing. Further, the resorts are equipped with unique Discoveries and Experiences to keep guests engaged within the safety of the resort.

To make sure the post-pandemic traveller has a worry-free vacation, Sterling Holiday Resorts introduced Sterling CARES - a 360-degree hygiene and sanitation protocols, in association with Apollo Clinics to reassure its promise of safe and hygienic holidays. The norms and procedures that have been introduced are in line with guidelines from the Government and institutions like WHO and ICMR. It encompasses various practices for the staff and guests to be followed at all times within the resorts. SOPs such as mandatory temperature checks, self-health declaration forms, availability of masks for purchase and frequent sanitisation of high-access touch points have been made a part of our daily hygiene standards. The resort staff have also been fully vaccinated to ensure maximum safety for our staff and our guests.

The brand is also the first and only one to design and offer an exclusive '**Holiday insurance**' as a free opt-in feature during booking, which covers guests up to Rs. 3,00,000/- per person in case of cancellations, medical emergencies, etc.

ET: While the uncertainty still remains in this space, what advice would you like to convey to our readers who would like to pursue a career in the hospitality sector?

RR: Many industries are seeing a sea-change as an impact of the pandemic - with virtual connect becoming a reality. We expect leisure hospitality to adapt itself and grow out of this pandemic. As more and more people get vaccinated, we can expect them to start travelling freely once again. The work-from-home culture will also see more people opting to spend the weekdays doing "work-from-resort" or staycations. We are also seeing a clear trend of increasing Destination Weddings - as an alternative to the "Big Fat Indian Wedding" in the cities.

The best thing going for leisure hospitality is that there is no digitalization of the "actual vacation" - people still want to go on "real holidays" and hence this sector will continue to grow.

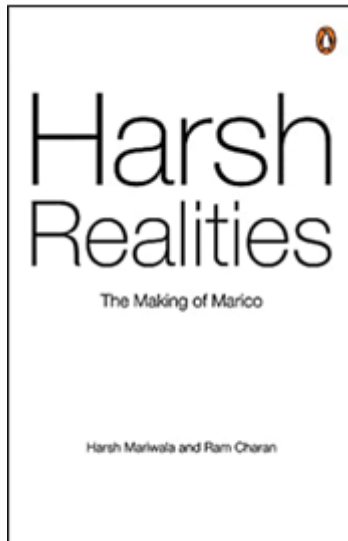
Leisure hospitality will come back and strongly at that. In the current scenario, a lot of importance will be given to employees who are multi-skilled or have the ability to stretch and assist other departments. Hence up-skilling while having expertise in your specific area is needed.

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We Recommend

Harsh Realities Harsh Mariwala and Ram Charan

- Reviewed by Jay



At a time when a whole new generation of start-ups are sprouting across the tech world, and the mythical unicorn is running wild across the business landscape (at last count 31 new ones this year alone), the story of Marico provides lessons for these newbies if they wish to survive and grow into their third decade. Not only the new entrepreneurs, I would urge the NextGen of old family businesses also to pay attention to what Harsh Mariwala did to differentiate, and build value, by taking a staid, conservative, commodity business to the world of fast moving consumer goods (FMCG).

The book narrates the journey of a shy youngster who joined the family enterprise, Bombay Oil Industries, in 1971, and convinced his elders to welcome new ideas to grow into branded products and national distribution. Patiently, he learned the ropes of the business and on the realization that he could not fetter his ambitions, he separated from the family to create a new venture in April 1990.

Never one to flashily display his wealth, or aggressively flaunt his thoughts to the media, Harsh Mariwala's story is one in which a humble, hard-working and self-taught businessman took proactive steps to reinvent a family's old-fashioned business by harnessing the energies, ideas and loyalty of a talented team of professionals, whom he wooed by sharing his dream of creating a forward-looking firm with a culture that would be empowering and challenging. The innovative touch that Mariwala brought to the new firm that he created was visible from the early

days itself, when he announced his firm's birth through clutter-breaking advertisements that evoked curiosity and comment.

Mariwala built his new firm on first principles learned from textbooks, listening to the advice of industry veterans and consultants, and observing best global practices. Besides, he realized that having a trusted advisor and coach by his side would be an asset on the long journey ahead. The peripatetic global consultant, Ram Charan, became an ally to Mariwala and helped him through numerous challenges, be it market place battles, going public, building talent pipeline, succession issues, or countering the predatory moves of multinationals. The book divulges that the competition had turned intense and ugly enough for Unilever to make unsolicited and hostile overtures to buy out Mariwala. Getting the better of the MNC brute gave him great satisfaction, reveals Mariwala, particularly, as the eventual triumph was the acquisition of the Nihar brand from the Unilever stable. Further, the quest for growth took him overseas, and to unrelated greenfield diversifications.

There are many other tales spread through the book, coupled with conceptual ideas used by the firm's management, which made the Marico story unique in the Indian business landscape. Perhaps the most worthwhile is how Mariwala decided to hand over the executive reins of the company as Managing Director to a non-family, professional manager, Saugata Gupta, in 2014. Narrating the events behind the scenes, we get a glimpse of the personal conflict that Mariwala went through when faced with the candid ambitions of his rising, competent business leader, and the concerns voiced by his wife. Finally, he went with the advice offered by his coach, and with the current market value of about Rs. 75K crores, the sterling results over the last seven years is a testimony to the smooth transition of a family run business into a family owned but professionally managed business. In his current role as the non-Executive Chairman, besides grooming his son on the Board, Mariwala has oversight of the business, but spends most his time in other pursuits, including his Ascent Foundation, and the Marico Innovation Foundation. His business instincts are sound still and he is also incubating newer ventures with the help of his children.

Mariwala is synonymous with innovation in many aspects of business, and true to his reputation, the book has been creatively produced, both in the manner of writing (by third persons interpreting his words and intent, and brief commentaries by Ram Charan, apart from the pun in the title) and the production (with an artistic transparent book jacket). I would recommend this book not just to business families (who need to evolve from their past glory

to a new world of family business), but also to Indian entrepreneurs (with dreams of becoming multinational corporations), and to professional managers who are impatiently struggling to usher change in their domain.

The wise and purposeful actions of a patient Harsh Mariwala is testimony to the possibilities that an Indian business owner can achieve when good business acumen is married to modern professional management practices, whereby a culture of teamwork and excellence is a never-ending journey.

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THROUGH THE LENS



On his recent trip to Gujarat, **Rupesh Balsara** spots the elegant White-Tailed Lapwing, a winter visitor to India that breeds in Central Asia and parts of Russia. It is occasionally sighted in the western region of Maharashtra, Gujarat & Rajasthan. Their diet consists mainly of insects, caterpillars, beetles & grasshoppers and they are often seen in heavily vegetated wetlands.

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