Lupin Pharmaceuticals and Dr Reddy's have found an innovative way to match the research needs of their units in small towns with aspirations of local class X11 pass outs, reports **Labonita Ghosh**

Learning and Earning

RESEARCHER-STUDENTS: Young interns (in blue shirts) from Lupin's Learn-and-Earn project bond with Farooq M Shaikh, deputy general manager (HR), and receive instructions on working the heavy machinery at the company's Tarapur plant

Photos: BHARAT CHANDA

Foot soldiers in the war against disease can come from unexpected places. In 2008, when the Council of Scientific and Industrial Research (CSIR) launched its 'open source drug discovery' movement, it invited stakeholders — scientists, researchers, industry representatives — to participate in formulating new drugs to combat ailments like TB. The most surprising contribution came from students, mostly graduates.

Today, of the 4,000-odd people registered with OSDD, a little over half are students, engaged in activities from advocacy to lab work. "It has been a big discovery for us," says OSDD project director Zakir Thomas. "We thought we [at OSDD] were dealing with sophisticated problems that required input from sophisticated sources, like established institutes," he says. "But the students really surprised us."

They did not just come from the metros. Having worked closely with scores of youngsters, Thomas has some advice for pharma companies. "If you are looking for new, innovative solutions, reach out to students, especially those in rural India," he says. "There's a huge talent base out there."

For pharma giants Lupin Pharmaceuticals and Dr Reddy's Laboratories, this merely confirms what they already know. Both companies run work-cum-education programmes for fresh-out-of-school youngsters from rural and small-town India. Essentially, class XII graduates join the company as interns; alongside, they also study for a BSc degree in industrial drug sciences, offered by the companies through tie-ups with universities. The students attend classes over the weekend, while working at regular jobs in the companies' plants through the week.

COMPANY CLOSES A TALENT GAP...

Divakar Kaza, president (HR) at Lupin, says his company's Learn-and-Earn programme is a two-way street. It gives youngsters from economically-depressed families the chance to study further and skill themselves — and take home a stipend of Rs 7,000 per month. It helps Lupin close a crucial talent gap: finding capable people to take care of some basic, but key, tasks.

"The BSc and MSc graduates who join us prefer to become researchers or move to high-end lab work," says Kaza. "We find it difficult to source people as lab assistants, backroom staff and/or teams to carry out quality control. These are less glamorous, but crucial, jobs that keep the plant working smoothly."

Ganesh Nikam, director of Biojobz, a bio-pharma staffing company , says that many pharma companies are struggling with this talent gap. "The BSc and MSc graduates who come in at the entry-level think of themselves as scientists, who would rather work from the comfort of the lab and do production," he says. "They feel regulatory tasks like quality control are beneath them."

Vijay Kothiwale, vice-president (works) at Lupin, says: "Finding people and making them employable is a challenge. With the Learners [the youngsters enrolled with Learn-and-Earn], we can train them up and create our own talent base, and also be sure of a high calibre of employees." Farooq M Shaikh, deputy general manager (HR) at Lupin's Tarapur plant, adds that in some cases the youngsters, with minimal training, handle certain divisions on their own, like the solvent recovery unit. "About 70% of our Learners function as back-up staff. When someone is absent, they step in," Shaikh adds. In their first two years, the Learners are rotated through every department . Eventually, says Kothiwale, this kind of captive talent brings stability to the organisation.

In the last six months, Lupin has recruited more than 300 youngsters for its plants in Tarapur, Goa and Indore; next year, it plans to extend this programme to plants its Mandideep (near Bhopal) and Aurangabad. A few months ago, the company organised its first recruitment drive for Learn-and-Earn, and invited applicants to walk-in interviews at a central location — Sholapur town for the Tarapur plant; Kolhapur for Goa.

...AND STUDENTS CHART A CAREER

Lupin believes in spreading the net wide. "There is talent in every corner of the country," says Kaza. "If we limit ourselves to metros, we will lose out on good people." One criterion for selection, however, is that the candidate should live within a 500-km radius of the plant, and never be more than a six-hour journey from home. That way, the youngsters will feel close enough to their families, and be persuaded to return to work when they go on leave.

Pharma companies find it difficult to source people for the less glamorous, but crucial, jobs -- lab assistants, quality control staff...

Jobs are harder to come by in the hinterland, which is why Lupin's recruitment team has to sift through 10-15 times the number of applicants per position. For the 108 jobs in Tarapur, the team screened over 3,000 applications. Youngsters who live in the catchment areas of these plants are mostly children of poor farmers, factory workers and labourers who can only dream of a career, given their financial situation.

Like brothers Sanjay and Ashok Kholya, who moved to Tarapur from Uttarakhand two years ago when a strike shut down their father's factory. Last year, they scored in the high eighties in their Class XII finals. "Between our father losing his job and our mother sick with diabetes, there was no way we could have continued with our studies," says Sanjay, 18. So when they heard about Learn-and-Earn, they jumped at the chance.

Today, Sanjay works in the quality assurance department, while Ashok helps with research on new drugs. Every month, they take home almost Rs 12,000 between them. At the end of three years, they will not only have a permanent position at Lupin, but also a BSc degree. "We see ourselves building a talent pipeline for all pharma companies with this initiative," says Kaza. "If, after being trained, some youngsters want to join another company, that's ok."

Rohit Pandit, 21, sees Learn-and-Earn as his shot at becoming a microbiologist. Pandit's mother has asthma, his aunt and uncle have high blood pressure and diabetes. So, while he spends his days at Tarapur culturing bacteria, Pandit dreams of finding alternative cures. His colleague, Aarti Dadmani, 19, sees her Lupin stint as an escape. Her parents wanted her to marry and pulled her out of college. "I wanted to study further, and make a career for myself," she says. "But my parents have no source of income. Now, besides studying, I also send money home."

EMPOWERING YOUNGSTERS

At Dr Reddy's, the self-managed team (SMT) is a multi-skilled entity of mainly high-school graduates which, with some handholding by a group of mentors, runs the plant with minimal supervision. The youngsters, aged 17-19 years, take their own decisions — whether about plant operations, or how they would like to juggle work and classes. "The idea is to increase efficiency in manufacturing by reducing the number of layers [of hierarchy] in the organisation," says Atul Dhavle, senior director, HR. "Your success in the marketplace depends on how swiftly you respond to the customer. Having a lean organisation helps reduce delivery time." It also helped cut the workforce by a third — from 120 to 40 — and reduce overheads in the company's plant at Baddi, Himachal Pradesh.

The company first started an SMT in the Yanam plant (near Pondicherry) in 2002, and later at Baddi. Both have been setting new productivity records. Dhavle says a good production target is 240 people producing 100 million tablets a month. A year after it was set up, the Yanam plant produced 160 million tablets a month, with a 40-50 member SMT. Baddi recently reported a 10% drop in overheads and a zero-accident year. Now, Dr Reddy's plans to introduce SMTs in all its new plants, starting with Vizag later this year.

Like Lupin, Dr Reddy's focuses on creating local employment as well. Youngsters for the SMTs are drawn from places within a 100-km radius of the plant. They spend the first two years understanding the pharmacy business, both through weekend classes and stints with every department at the plant.

Typically, they handle packaging, warehousing, quality control and assurance functions, besides helping with technology transfer. "After two years of training, they are absorbed into the company as regular employees," adds Dhavle. Some become mentors for the next batches of youngsters coming in. "The idea of the SMT appealed to us because it empowers first-level people," says KB Sankara Rao, head of Integrated Product Development Organisation at Dr Reddy's "When there are four or five layers, people don't feel ownership. With the SMTs, the youngsters feel responsible, accountable and, therefore, a sense of ownership."

Education and Research

The youngsters do regular jobs in the companies' plants through the week and attend classes over the weekend

LUPIN LEARN-AND-EARN

Location: Plants in Tarapur, Goa and Indore

No. of students: About **300** (about 100 per plant)

Selection basis: Class XII science student with minimum 50% marks and from economically-backward families

Research

Profile: Assistants in quality control and quality assurance labs, data entry, labelling, storage

Stipend: ₹7,000-9,000 per month

Prospects: Absorbed as regular, entry-level officers (salary: ₹12,000)

Education

Course: BSc in industrial drug science

Duration. 3 years

Classes. On weekends, conducted by faculty from Yashwant Rao Chavan Open University

DR REDDY'S SELF-MANAGED TEAMS

Location: At plants in Yanam (Pondicherry) and Baddi (Himachal Pradesh)

No. of students: **250** (200 at Baddi, 50 at Yanam)

Selection basis: Class XII science students, with minimum 50% marks

Research

Profile: Manufacturing, packing, quality control and assurance, engineering services

Stipend: **7,500** per month (Trainees, for 2 yrs)

Prospects: Absorbed into company; salary increases 10-15% based on performance

Education

Course: BSc in Drug Sciences

Duration: **3** years

Classes: On weekends, conducted by faculty from Ambedkar Open University in a tie-up with a local college/university

TESTING GROUND: Aarti Dadmani, 19, joined the Learn-and-Earn initiative to give herself a career. She works in the quality control lab in Lupin's Tarapur plant

Family Businesses

The Generational Shift in Investing

Growth-hungry scions are dumping traditional investment options and chasing new avenues, reports **Rahul Sachitanand**

Ashwin Mittal, 35, is the scion to a five-decade old real estate business in Mumbai, Mittal Constructions. But he has not inherited the investment preferences of generations past. "I don't invest in just equities and real estate," he says. "There are opportunities to invest in private firms, art and commodities."

Even his approach to wealth management is different. If his father focused on protecting his principal, Mittal is interested more in the quantum and speed of the return from it. "My generation is constantly looking for new opportunities to increase our wealth, not defend what we have," he says. Increasingly, young turks like Mittal are looking beyond traditional investments such as real estate and equity, and at relatively newer avenues like commodities, derivatives, currencies and even hedge funds.

NEW INVESTMENT AVENUES

Akshay Mansukhani is a product of a sheltered upbringing in south Mumbai and has an Ivy League education to back his pedigree. His family is part of the extended clan that runs the Rs 2,000 crore Onida consumer-goods business. The 29-year-old Wharton MBA, who had a ringside seat to the 2008 global financial meltdown when he was at UBS, is not satisfied with the returns generated by his family's investments and often finds himself at odds with private bankers. "I was unhappy with the equity returns offered and wanted other options," he says.

He co-founded a $25 million fund called Malabar Invest, which focuses on investing in small-cap companies that fall below the radar of private equity and venture-capital investors. Mansukhani reels off numbers to back his fund: 18% compounded annual return in the past three years, against 5% delivered by the benchmark BSE Sensex and 1% by the BSE Small-Cap Index.

A yet-to-be-released Barclays Wealth report captures this generational shift to newer avenues. This research on next-generation of family businesses in Asia-Pacific was complied after interviews with 48 HNIs aged 21-35 from eight countries in the region.

One finding was that young respondents were looking at currencies, commodities, hedge funds, derivatives and structured products to play a bigger role in their scheme of things (See graphic). "The focus is clearly on growing, rather than protecting wealth," says Peter Brooks, behavioural financial analyst with Barclays Wealth.

HAND-ON APPROACH

Kotak Wealth-Crisil estimates the number of Indians with assets of at least Rs 25 crore to triple to 219,000 by 2016; and their assets to grow five-fold, to Rs 235,00,000 crore ($4,700 billion).

The Barclays report delves into various facets of young scions view wealth. It says that 58% of respondents feel wealth needs constant attention — and therefore, multiple modes of investment — to prevent it from declining in value. Yet, 44% of them don't plan to just watch their money multiply; rather, they feel this money is to be enjoyed. And half of them stress that each generation should make its own mark on the business.

Siddarth Ladsariya, 27, says next-generation HNIs are more engaged investors than their predecessors. The scion of the Everest Group, a commodities business in Mumbai, makes sure to understand every new instrument he invests in, even as he seeks more aggressive growth options. "There is a lesser fear of failure and a willingness to try new things," he says. While growing up around the commodities business has helped him invest in that field, he also wants to try other higher-return options to grow his wealth in a sluggish market.

Another person keen on first-hand learning is Akshay Salot. The 26-year-old son of a multi-million dollar textiles business owner visited Rajkot in Gujarat in early-2011 to figure out the nuances out the cotton markets there, as he sought to expand his investments in the sector. "Commodities investing is not for everyone," says Salot. "These markets are faster growing, but are also more complex and risky."

Their investment choices cover a wide range. Prashant Choksey, 35, the heir to a real estate-to-chemicals business in Mumbai, co-founded Mumbai Angels, a group that promotes early-stage investing in Indian start-ups. Elsewhere, 20-something Manasi Kirloskar, a third-generation heir to a 100-year-old conglomerate that makes cars, auto parts and diesel engines, is a painter. The fourth-year student at the Rhode Island School of Design says she will consider investing in art for starters, before diversifying her interests.

Karan Singh, a director at ACG Group, has diversified the group from its main business of capsule manufacturing and taken it into IT, machines for biotech firms, and machines to make soft candy capsules. His investment patters are markedly different from his father — art, angel investing in start-ups, structured products are all part of his basket. "Uncertain global market conditions make it imperative for us to diversify our investment focus," he says.

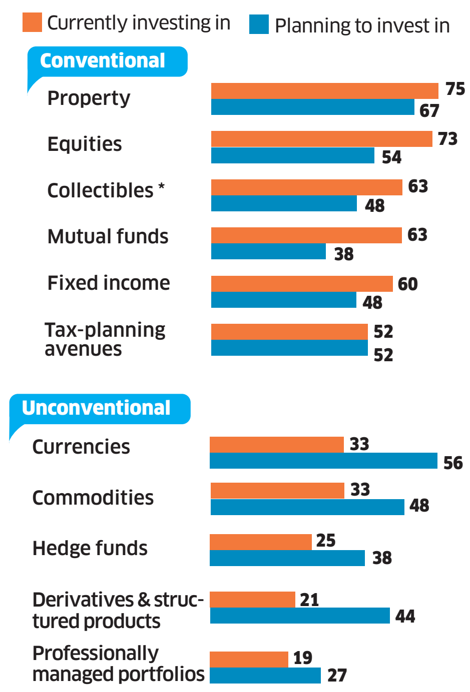
CONFLICTING POSITIONS

These young HNIs are all examples of rapidly changing attitudes to wealth, but this isn't without some friction at home. Three-quarters of respondents to the Barclays survey felt the older generation had groomed their successors well for larger responsibilities, but 42% also thought their predecessors didn't believe they were ready for larger roles. "There is a conflict between generations," says Brooks. "The older generation feels their successors may not be ready or responsible yet, and are therefore perhaps being overcautious."

This sharp change in thinking has yielded a mixed response among the older generation. Some are happy the next generation is taking up the responsibility of wealth creation, while others fret over ceding control of money they have grown for decades. They have been indoctrinated in the benefits of investing in blue-chip stocks and real estate, but are now being pulled out of their comfort zone. "This is a late learning experience for us," says Anand Ladsariya, father of Siddarth. "But it's something we'll have to get comfortable with."

Eyeing Alternatives

Young scions are moving away from stocks and real estate to relatively newer avenues



* Jewellery, art, wine (which would appreciate with time)
All figures in per cent

SOURCE: Barclays Wealth research on next-generation of family businesses in Asia, September 2011

Breaking From Convention

These scions are thinking outside the box while investing

Family business

Investing shift

Akshay Mansukhani, 29

Part of the extended family that owns the ₹2,000 crore Onida consumer goods brand

Value investing in small-cap stocks

Siddarth Ladsariya, 27

Everest Group, one of India's leading makers of menthol and related products

Angel investing

Ashwin Mittal, 35

Mittal Constructions, a five-decade old real estate company that owns large land banks in Mumbai

Art, angel investing

Karan Singh, 35

ACG Group, a five-decade old pharmaceutical packaging firm

Art, angel investing, structured products