

That Farmer with his Magnificent Flying Mission

Simply Fly: A Deccan Odyssey: Author: Captain Gopinath; Publishers: Collins Business, Harper Collins Publishers, NOIDA, 2009. Pages: xiii +380; Price: Rs.499.



In the sixties there was a very popular Hollywood movie- *Those Magnificent Men in Their Flying Machines*. It was a comedy, in which, a number of contestants of different nationalities, were flying in a variety of planes, in search of a hidden treasure. An enterprising American flyer succeeds at the end in getting the hidden treasure. *Simply Fly* is the story of an Indian 'farmer', who dreamt of starting an aviation company for making air travel affordable to the common man. He is not a pilot, having started his career in the Indian army, he took voluntary retirement to start farming in an obscure village in Karnataka. Dabbling in a number of business ventures, ultimately he succeeded in floating Air Deccan Aviation and started flying high in the Indian sky. Going through the periods of trials and tribulations, he changed the face of Indian aviation industry, paving the way for the emergence of low cost carriers carrying passengers at affordable fare across the country. He became the Schumpeterian hero and made a fortune by selling the company to his competitor, Mr. Vijaya Mallya, the liquor baron and the founder of Kingfisher Airlines.

Capt. Gopinath's entrepreneurial zest does not end with this. He is again up in the air with a helicopter company Deccan 360. His is a fascinating story of self-

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confidence and the immense risk-taking capacity. Without financial support and without even proficiency in the aviation business, he could succeed in an environment, where obstacles - political and administrative - are too many. For him, to fulfill his ambition, even sky was not the limit. His mission was successful.

The Background:

Hailing from Gorur village in Hassan district, Capt. Gopinath is a first generation entrepreneur. His father was a village school master, conforming to Oliver Goldsmith's description of a village teacher. Young Gopinath studied in the local Kannada school. He was selected for studying in Sainik School in Bijapur and then joining the Army had his training in National Defense Academy. During the Bangladesh Liberation war in 1971, he was in the battle front and later he was posted to different stations in the border areas. About his days in the Himalayan range at the Indo-China border, he says that "those were amongst the finest days of my life" (page 24).

Turning a piece of barren land into a lush green farm was his first successful venture. Much against the expectations of his family members and the local farmers, he could demonstrate that perseverance and hard work can transform even uncultivable land into a good farm. His difficulties in getting a loan from banks after approaching many of them are tersely expressed in his resentment against bankers as, "Bankers were rude, apathetic, and indifferent". (page 42). However, his determination to continue with farming brought a banker to his farm later, offering him the loan needed. When a guarantor was required

by the bank, a farmer in the neighbourhood came forward, pledging his own land without hesitation. Diversifying his interests into other fields, he took up

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the dealership of motor cycle in Hassan. Then ventured into hotel business, starting an Udupi hotel for some time. He also dabbled in politics, earnestly believing that he should do something to eliminate the corruption rampantly growing in the country. After losing the election he writes, "My focus reverted to the farm" (page108).

Foundation of Deccan Aviation:

The inspiration to enter the aviation sector came from the story of a Vietnamese girl orphaned by the war, adopted by a French couple and reared in France. After the devastation of the Vietnamese economy, when huge investments started pouring in from France, USA and Britain for rebuilding it in the 90s, the surface transport infrastructure was totally in shambles. In the absence of dependable surface transportation, helicopter was found to be the speediest means of transportation of men and material. This girl became a helicopter pilot and ferried investors and workers to different parts of the country. In no time she became a national icon. This story, read in the newspaper, kindled the entrepreneurial instinct in Capt. Gopinath.

Indian economy was opening up then with the initiation of the reform process. He counted that India had only 25 helicopters at that time. The efforts for setting up a helicopter company were initiated without delay. Very interestingly he quotes Peter Drucker in this context, "A true entrepreneur is one who creates wealth where it did not exist earlier by creating a new market and a new customer" (page123). But the task was not easy, the bureaucratic system in India being what it was. However, the story of Deccan Aviation reveals that this gargantuan system is not totally corrupt; there are non-corrupt persons with vision, working within the omni-potent power structure.

After obtaining the necessary permissions from various departments by making frequent visits to the power centre, the next task was to raise the required financial resources. The story here is not different from what it was, when he wanted farm finance. "It was very like my experience with banks as a farmer when I went seeking a project loan. The only difference this time

was that the banks got back to us after a month or so to say that the proposal did not appear to them to be viable and therefore they were unable to fund the project" (page 143). Financial support finally came from a businessman, who owned the largest Coco Cola bottling plant in India. He took a ten percent share in the capital of the company.

In the midst of his relentless efforts to form the aviation company, Capt. Gopinath grabs an opportunity to join a management course designed by Mr. Henry Mintzberg, one of the 'greatest among the management thinkers'. The programme was to be held in five B-schools in five countries, including Japan. While in Japan, the farmer in him induces Gopinath to travel 1000 miles to meet Mr. Masanobu Fukuoka, 'the global god-figure of organic farming' (page 165).

At last, heli-tourism became a reality, thanks to the perseverance of Capt. Gopinath and his trusted associates. Dial -a- Chopper was the bold caption of the advertisement released. Mass media was used very imaginatively. Recognising the synergy between owners of holiday resorts and helicopter service, a cooperative model for their management was evolved. Helipads were set up near the holiday resorts. The success of the venture is epitomized as, "The aviation audit team cleared us and the Bank of America's global CEO was the first of Deccan's many global CEO customers" (page184).

A Low Cost Airline Takes-off:

With a fleet of helicopters, Deccan Aviation was now operating in some states outside Karnataka. One day flying in the Southwest Airlines to Phoenix airport in the US, Capt. Gopinath observed that the passengers were ordinary people like carpenters and white-collared people. "Two ideas came together in my mind and fused into one obsession: India needs an airline that goes everywhere, India needs an airline that will allow millions to fly" (page 253). Back home he gathered details of the airfields built during the world war in various parts of the country. There were over 500 of them of different sizes but not in use. Some of them located near tourist spots and historical sites,

he thought, could be used to develop sufficient air traffic. For the low cost airline, his model was the Udupi style hotel, having self-service system with no frills attached. When he discussed this idea with an aviation journalist, she wrote that Capt. Gopinath would be **launching an Udupi in the sky** (page 259). And it became a reality, sans Udupi *dosas* in the flight. Air Deccan was born, thanks to the financial support received from the same businessman, who had supported Deccan Aviation earlier.

Meticulously many cost-cutting plans were explored and incorporated. On-line ticket booking was one process avoiding the cartel of travel agents; differential fare rates were fixed for advance-booking; and post offices having inter-net facilities were used for selling tickets. In-flight catering was given up, saving a huge amount of money. The master-stroke in branding the airline was the adoption of the celebrated cartoonist Mr. R K Lakshman's common man as the mascot. Among the many air crafts parked in some of the airports, Air Deccan's planes with Lakshman's common man painted on its exterior could be seen very prominently. **Simplyfly** became the most popular byline after **dil mange more**.

Persons from all walks of life could be seen availing the services of this low cost carrier across the country. Seeing three lambani tribal women flying from Delhi airport with all their gypsy belongings, prompted Prof. C K Prahalad, the author of **Fortune at the Bottom of the Pyramid** to make a call to Capt. Gopinath to congratulate him for enabling these women from the bottom of the pyramid to fly. And the management guru sought an appointment with him in Bengaluru (page 326).

The company was making money, carrying people like them. Within three years, it was garnering \$1.5 million to \$ 2 million per day. New flying birds like, Spicejet, Kingfisher, Go Air, Paramount and Indigo started appearing on the sky. Competition grew, more seats were offered at teaser rates. This compelled Deccan also to raise the fare, resulting in customer alienation to some extent. (page 329).

Rapid growth in the number of aircrafts and the surge in the number of passengers flying, brought in their trail operational problems, like cancellations and late arrivals. Operating at many smaller airports had its own problems like the absence of night landing facilities resulting in delays or diversions, causing inconvenience to the passengers. It was flying to 67 cities, which included many tier two cities also. Poaching the staff at various levels by offering more lucrative emoluments was the other major problem faced by Deccan. Raising money from the market was becoming difficult for all the airline companies.

Mergers and Acquisitions are a part of the corporate strategies adopted by ambitious corporate giants to grow big. Mr. Vijay Mallya, who had flown the U B Airlines in the 90s for a short period, was now back with Kingfisher Airlines. Pitching upon the inorganic route for the growth of his new outfit, he was anxious to take over Air Deccan. Mr. Anil Ambani also showed some interest in having a stake in Air Deccan through Reliance Mutual Fund. The news about Reliance's interest in this company, gave a boost to its stock in the market. No decisions were taken by the interested parties for quite sometime. Mr. Mallya was not ready to give up his persuasion to take over Deccan. He was, however, not favourably inclined towards the retention of the image of low cost carrier, once the merger takes place.

Capt. Gopinath was concerned about the investments made by the retail shareholders of his company and was feeling sorry for the exit of the low cost carrier from the Indian sky. Finally, Air Deccan simply becomes Kingfisher Airlines; the mascot of common man is replaced by the kingfisher bird. The shareholders of Deccan were, however, amply rewarded. Capt. Gopinath now has the capital to start a new company - Deccan 360, a cargo venture. One fascinating story ends and another may begin, as a new adventure becons. This company is reported to be in the process of developing a central hub in Nagpur on fifty acres at Multi-modal International Hub Airport at Nagpur. It is also reported that Reliance Industries Ltd has already picked up a 26 percent stake in this company at Rs.114

crore. This time, it is Mukesh Ambani group, which has struck the deal with Capt. Gopinath.

At the end the book, there is a piece on 'Gopi's Farm' written by Mr. Henry Mintzberg himself, concluding that Gopi is a farmer after all. He elaborates the point, "Conventional farmers exploit; Gopi explores. He plants experiments, fertilizes them with imagination, and harvests the ideas that take root. These he offers on the open market for the price of our attention"

(page369). The farmer from the small village has succeeded in his mission-making air travel affordable to the common man and writing thereby a new chapter in the aviation history of the country.

A readable book, well written, which can inspire the younger generations to explore the new frontiers. This could be an interesting case study for students of our B-schools.

In the News...

Earn while you learn at JKSHM!

Courtesy : Deccan Herald, dated 3rd August, 2010 (Mangalore Edition)

Akshatha *

Cap and trade to help cash in on leave from class hours
Cap and trade policy, a hit with global corporates and pollution watchdogs, could help students to earn quick bucks to liven up their cash-strapped college days, a management school says. In turn, it could help the school to put students back in class with practically no force.

Under the cap and trade method, a monitoring agency sets a cap or an upper limit for pollution and the firms that subscribe to it will be allowed credits or individual limits. The firms could save up the credits and trade them with other firms who are in need of more. The Kyoto Protocol that came into force in 2005 has approved of the system, also known as Emissions Trading.

Taking a clue from this, the Nitte-based Justice K S Hegde Institute of Management in Dakshina Kannada district has introduced a derivative of the cap and trade among its students to curb absenteeism in class. Called Leave Trading System (LTS), it allots a student 20 leave trading coupons against which he/she can take leave for a maximum of four days (of five hours each) in a semester. Students are required to submit a coupon for each hour they miss. And if they save up leave, they could trade their coupons with those who need

hours off at a price set by factors of demand and supply. Increase in absenteeism increases the demand for coupons, hiking its price. The trading will be done at an auction to be held in class whenever the need arises.

The system provides management students with practical knowledge on trading and pricing of assets in the market and in the course, improves attendance on a self regulatory basis, says Prof. Radhakrishna Sharma, the man behind the idea. "Now they learn with fun. Because of numerous benefits of the LTS, there will be a dramatic improvement in the performance of students," he says. The system has, to a great extent, relieved faculty members of attendance concerns in class. According to Institute Director Dr. M S Moodithaya, LTS is also the best way to make the students voluntarily attend classes, and thus create an atmosphere of active learning.

The LTS seems to have got on well with the students, too. "These days we take leave only for genuine reasons and the system is quite interesting," says Aishwarya, a finance student. The only hope is the LTS does not invite the bitter criticism that some global entities are showering on its original model, the cap and trade.

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