

# Driving an entrepreneurial culture at Anand Rath Private Wealth Management



**“IF YOU ARE ABLE TO INCULCATE THOSE INTO YOUR ORGANISATION THEN YOU CAN CLAIM THAT YOU ARE AN ENTREPRENEUR”**

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## How would you explain the culture you have created?

Culture for any organisation is one of the key attributes that will drive the next leg of growth. At Anand Rath we have two elements to culture, and it's not just spoken it is delivered. One is entrepreneurship, which is what a private bank needs to be able to explain good advice. The other is a very close-knit, family culture.

What do these mean? When it comes to entrepreneurship, we think that there are five attributes. If you

are able to inculcate those into your organisation then you can claim that you are an entrepreneur.

The first attribute is allowing people to set their own aspirations. Over the last 10-12 years, Anand Rath has never set targets for our people. We have 230-240 relationship managers, and they set their own targets, and set their own aspirations, and the culmination and the aggregation of all of it becomes the organisation's target, and that's how we run this business.

People's ownership of their aspirations is more than the given aspiration. Most organisations keep

changing the remuneration formula at least on the variable side. People don't realise that variable performance pay is only variable with performance, not with market conditions, or the promoter's profitability. Keeping a consistent variable pay, because it's the terms of contract is something that Anand Rathie has been able to do. For the last 12 years, we have not changed the remuneration formula on the total compensation side and the variable compensation side and that's something we take immense pride on.

Entrepreneurs are allowed to take cost decisions. Most organisations don't delegate cost decisions, but still claim they're entrepreneurial. So you'll have to delegate some degree of cost decision to the private banker, so that he can probably use levers to meet his aspirations. That's the third attribute.

And fourth and most important attribute is, if you're an entrepreneur, an entrepreneur always passes on a profitable business, or sells it. So at Anand Rathie, we have a soft policy of transmitting your own created assets to the kin or to a family member that you nominate, as long as that person is trained enough to carry the brand in the market-

place. In this situation, this means that one generation can pass on their assets to the next generation. If you're not allowing your team to do that, then you can't claim to be an entrepreneur.

And the last attribute is that there has to be an uncapped income. When organisations put a cap on people's income, that's very counter-intuitive and anti-entrepreneurial. In erstwhile organisation's I've worked with, I was brought up with the process that we are entrepreneurial. One fine day when I checked these attributes, these were hardly present in the organisations. But that's one key attribute we have at Anand Rathie.

The family culture; it's very easy to say, but very difficult to deliver. Anand Rathie does not have any contests to choose people who are just performers. So if you are a group of people who are well knit, then there will be no remuneration, which will be a motivation which is beyond the commitment. If I have conferences or off-sites, all my people travel or they all don't. We don't have a tri-party model.

We don't try to de-risk. Quite a few organisations want to de-risk the RM. If the RM leaves, the client shouldn't leave, and then you can't call a



person in your family. So these are the two attributes, which have created a low attrition environment for us.

### **Why does it matter?**

Because I think there has to be a balance between the three stakeholders: promoter, client, and the people who are creating the company. In the service industry, all you have is people. At the end of the day when people leave in the evening, you want them to come back to you tomorrow. It's their right, it is not a nice

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to have, in fact it's a hygiene item if you're running a services business. And it is important because we can have an organisational object saying that I want to be the largest wealth management outfit but it doesn't matter to the client or another private banker how big you are. Of course it influences business, but having a balance between these three is critical. Otherwise professionals have a skew towards the promoter's objective and not the employer's objective. Creating a balance I think is the job of the CEO.

### **Is there a finite talent pool? How do you find new RM's?**

It's a myth that there's a finite number of people who are talented. You might be looking at the wrong place if you're thinking that. If I have to create a private banking business just hiring private bankers who are in another organisation, then that statement is very valid. But I have an army of 240 account managers who support my relationship managers, who are bright, chartered accountants holding MBA's. We have hired 35 people this year who graduate to become private bankers. Of my top ten RM's, six of them are home grown from people who were account managers. Account managers are bright people who support and create analytics for a private banker. We have a couple model - one RM and one account manager working together. I am very happy promoting 20-30 account managers to private bankers, and have done that for three successive years. Hopefully that continues and I hire internally rather than laterally.

### **What are your expectations for your new hires?**

My expectation is three fold. I want a tendency to learn, to absorb. This is generally observed in younger people, but with age you tend not to be as absorbent. You need to have a learning attribute. Second, you need to have a moral fabric which makes the client the epicenter of the discussion. And organisations should be conducive to be able to deliver that. These two are very important attributes in young people with a great degree of analytical skill. The third is intellect, and that's why if you go to young, bright people, you are able to call out those really smart ones from a larger group. ■



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