

Outlier: William Nanda Bissell, Chairman, Fabindia

People Involved:

- Interviewer – Mr. Pankaj Mishra
- Interviewee – Mr. William Nanda Bissell

Duration of the Interview:

26 minutes and 40 seconds

Interview:

Pankaj: I am really excited to be having this conversation again with William Bissell, who is the Chairman of Fabindia, and you know the conversation we did with him, you know, some time back. Thanks for all the feedback we received. William, welcome to this podcast.

William: Thank you very much, Pankaj. It's a pleasure to be back on your podcast.

Pankaj: It's really challenging times all around us. I wish we reconnected in better times, but I think this conversation, William, like I mentioned is important because we are talking about resilience and I thought I'll do this conversation with you so others learn from your journey of resilience.

William: Thank You Pankaj. It's very hard to talk about previous experiences when you deal with the current situation we are in because **nothing, in anybody's history, can prepare you for what is happening today and I think that's very important to understand** because a lot of people say that, Oh! It's like 9/11, Oh! It could be like the 2008 financial crisis. **This is a very-very different series of events that are taking place and for the first time, truly the first time, in human history, it's an event that affects every single person on the planet. There is nobody on the planet who hasn't been affected.**

The last event of, you know, people have compared it to World Wars, but even they were limited in what happened. Now, look at World War I, it was actually a war that took place between Britain and Europe. World War II took place between Europe and parts of Asia. But there were large parts of the world that were unaffected, say South America, most parts of Central and Southern Africa. So, you know, people trying to put words to this day, lose sight of the fact that, this is an event that is unparalleled in human history and for business leaders, we must start with that. Trying to look into the past to find ways of, you know, how you deal with it. Even the Great Depression, which took place almost a 100 years ago, was not a global event. The two pandemics of 1980 and 1990, were somewhat global but again there were large parts of the world that were not affected.

This event has just affected every part of the world and affected some parts of the world catastrophically and literally, upended every business model. Taken every business model and just shifted it. In many cases, the shift is possibly inverted. So, it's done all this in a span of maybe, so far, 4 to 8 weeks. The kind of thing that I was thinking of doing in the beginning of March as a business leader, if I look back at the beginning of March, it seems like it was lightyears away. I mean in terms of, we were planning, we had budgets, forecasts, AOPs,

everything, it has all evaporated. all will have to withdraw and yet a moment like this also give people the ability to really look at things anew.

So, **I have been following something I call the 3 “R” s So, the 3 “R” s stand for the way we Reflect, Reset and Re-invent.** I think, that thing as I look across, at our various businesses, Fabindia, Organic India and the Fabcafe business, that, you know, how we bring these 3 “R” s, Reflect, Reset and Re-invent.

Now, the Reset part of it, is easier because there is some good advice that has been given by a lot of people around the world, to say that in a time like this you need to conserve cash, they have spearheaded a whole checklist of very good advice and **I would urge business leaders to follow that.** So, that’s the Reset part of it. So, if you have expansion plans, put them on hold. If you have major capex expense, put it on hold. **Just hold while you wait to see what is happening and even if there are opportunities that present itself, right now it might be wise to hold on and not leap into something because we don’t know how deep the bottom of this will be.** A friend of mine, who trades in the stock market, who is an investor, two weeks into the crisis he said, now is the perfect time, we’ve really bottled out and he started buying but the markets continued to drop and I expect they will continue to drop more and more.

There is going to be, I think, much more bad news, before the good news come. For the Reset part, it is important, to just keep in mind that you know, **don’t be stuck in old ways because this crisis is forcing every business leader to really look at their models.** I think, that in a way to give an introduction to how do I see this, these are my views.

Pankaj: Sure. William, one of the things I have been asking everyone, most of the business leaders and founders I’m talking to, is that, you know, how does this change the culture of the company and what impact it can have on persona itself, you know, the personality, because these times will involve tough decisions and many-many things. So, how do you come out? How do you survive as something better or I don’t know, or worse? You’ve seen a lot of these cycles. Can you tell me, how an enterprise and an individual survive something like this?

William: So, **I think, the culture of the companies is actually tested at these times. You have to really know who you are.** I mean some companies, I know, soon after the lockdown began dropped many commercial deals they could do or offers they could do post lockdown. Somebody said, you know, if you commit the cash now, we give you something else. **My sense is that these are the times when you go back to the fundamentals. Who are you as a company?**

The first message which in my case came through is this, you know, this is not the time to be running a commercial enterprise in the normal way. **You have to actually start by putting people first and think about what their needs are and actually you have to put all the commercial considerations aside. This is not the need of the hour.** The last thing that people are thinking about is buying another outfit, another pair of shoes.

So, what we did was, the first thing we realized was that there were lots of people sitting at home, sometimes it’s a trouble going out to get groceries, sometimes there are kids at home, parents at home. So, the first thing we did, we basically made an offer to all our customers, that we would try, whichever city we operated Fabcafes, we will supply food to them at 40% discount, even your everyday staples, like *daal, chawal, roti* and all that stuff. We supplied at

40% discount and it has turned out to be a really good move. It is really appreciated with our customers and also connected with our vision and mission. Then, we offer to the government, we had several thousand tailors, who are now idle, and we said we can use these units to make suits for medical workers for hospitals and other people who could come into contact with people who might have the infection. So, this is the other thing. And again, this came to us because this is what our vision, mission, values and purpose are about. So, we did this. We are looking at other ways, some of our units are making face masks. So, we are looking at lots of ways in which we can help people at this time **because this is the time when you need to stand up and be calm and help.**

You know, it's amazing that companies from the Tata group to Wipro and the Premji Foundation and others have really stepped forth with incredible acts of generosity. So, there are a lot of really good examples around industries where people have, you know, said that this is the time we need to be focused on the medical workers, on the needs of people who are less privileged and less fortunate and it's been amazing to see that. Really-really heart-warming.

Pankaj: William, the thing I also wanted to learn from you is, as an individual or as a founder, as a business leader, how can you stay sane in these times? How can you emerge from all of this with scars from journey and experience? And how can you stay sane?

William: So one of the things, I think, a lot of business people are Type A personality, so, they are full of energy and enthusiasm, they want to run around and create something and the hard thing about a lockdown is that you can't really run around, people are stuck in their homes. **I'm a great believer in this creative routine.** Daily, like say, I am going to get up every day at this time, do my yoga, do whatever exercise I need to do and then, get ready and I pretend like I am going to go to work. I get ready, and then I get fully ready and sit at a desk and then I do a zoom call or a skype call and like those calls because then you can't lie, you have to actually be ready. You can't be sitting in your pajamas, doing a call because you are on a video link. So, I find those kinds of practices.

I think it's very important to take time out every day to Reflect in the first hour, about what is going to happen. During the period of reflection, I read a lot, I read about what's happening in China, what businesses are doing, you know, there are very good reports published on possible new directions of consumer behavior post the virus. **So, I use this period to reflect on the directions, what do we take, how we should think about the future, think about our plans.**

I think, the important thing is to spend time every day, **which I find very rewarding is to reach out to people**, who we care about, old friends who might be alone, I know a lot of people/couples, where one person is in one country and one is in another. So, you reach out to them, you know, you just tell them that you're there even though you can't go and see them.

I think these are all ways to really nourish yourself and nurture your family and your circle of friends in these difficult times and its amazing how many people are talking about, Oh! This crisis has really made us look at life in a different way. Lots of people told me that they don't want to consume as much, they want to love life differently. Now, I don't know whether that's actually going to happen but certainly people are thinking about it.

Pankaj: The other thing, William, last time we had this conversation about culture of the companies you've been involved in shaping. As for enterprise, what does crisis mean when it comes to their culture and the DNA and how can they stay intact? Are there any particular lessons from your experience in shaping the companies that you're involved with?

William: I will give you a small example, I was recently talking to a person, who runs a very successful business and he said, *'Oh! Yes, I spoke to all my employees, we did lots of zoom calls and we spoke to everybody and I said it is in the law, so we are going to pay your salaries.'* So, I said, hmm, that sounds like you are paying salaries because you feel that it's the law. Is that really your intention or suppose that there hadn't been a law, would you still have paid your salaries? He was like, ya-ya, we would have still paid, we would have paid 100%. So, I said, you know, the thing is when you say it you are paying it because you've been told to pay it, is very different from saying you're paying it because that's the right thing to do and that is in line with your culture.

So, **it's important I think, for business leaders to message things correctly** because a message when you tell everybody in the company that you're paying their salaries because the government told you to do so, it tells one thing. If you tell them, I am paying your salaries because I really believe in this, what you should be standing up for, then that's a very different message that goes out to people about a company's culture and its values. So, his response is that I say that it is expected next month and the month after that. I say that, **you can be honest with people**, you can say, we will pay our salaries as long as we can. As long as we have the finances to do so, we will pay our salaries, we will look after the people who work for us. I said that sends a very nurturing and powerful message, out to people, that this is a company that's going to stand by its people.

There are many instances like this, where I see **people have to stop doing what I call Corporate speaking and really re-connect with who they are and what they are really about**, and I can give you many other instances for this. This is just one story to illustrate that point.

Pankaj: Sure-Sure. The other thing William is, this crisis also means that depending on what life stage of a company you are, you will need to have a set of uncomfortable conversations, maybe with employees or investors or partners and so on. Are there any lessons that you have learnt on having these uncomfortable conversations? Is there a playbook? What should one watch out for?

William: So, when the 2008 financial crisis happened, the conventional wisdom was that things were really going to crash and basically you had to reduce the workforce and do all this. **I remember very clearly then, that I thought to myself what would, what should we be doing keeping with our vision, mission, values and purpose** and the answer was very clear, that we should have a consultation across the company.

So, we had a consultation and we spoke to people and what came out of the consultation was this, that, everybody was willing to take a cut voluntarily, if we didn't cut any jobs. They also asked, that if the business bounced back, would they be paid the wages that they had forsaken to help us during the crisis. So, this was a very-very powerful message because it came from the

teams rather than the management. It wasn't the management saying, ok, we have to cut 'x' number of jobs and these are the jobs that are going to go.

This in many ways, the typical corporate way of doing it. Instead, we had, consultative process and through that process it emerged that the people were willing and they did it very well and said that anybody who is up to a certain level of salary should not be affected which is the compassionate and the correct thing to do because the lower your wages are, the more money you need to look after your families and you know, meet your daily needs. The higher levels of management, presumably, you know, can manage with a lower salary. But it was completely voluntary, and it was done in a very sensible way. So, the message was that if business continues to drop then we will, ok, we will take a long-term voluntary cut, but if it bounces back, then would it be possible to get the amount that is being reduced.

And what was interesting for the senior management was that, the business dipped, and it kicked back up, very quickly, so we were able to pay everybody their full wages in that time. Everybody, except myself and one other person who took a substantial cut and we didn't ask for it to be reinstated, but it worked an interesting moment for the company, **because it showed if you enter a crisis collaboratively and you share information and take people on board, it creates a very different bond within the company.**

A number of people have to lose their jobs, we will have to retrench, and similar stuff. Now, **these things are easier to do in a lesser crisis. None of us, the business leaders, have seen anything of this magnitude.**

You know, **I mean, in the 2008 crisis, we modeled scenarios where sales will drop by 10-15%. We thought, that was very-very serious. In this crisis, we have seen sales drop by a 100%. So, it is a very-very, on an order of magnitude, you know, zero to a hundred.**

Pankaj: Wow! So, William it wouldn't be an exaggeration to say that this could mean extinction of enterprises, at least some of them, as we know.

William: I think that, there are **3 kinds of enterprises** going into this. **There are enterprises that were already stressed before this crisis began. Either they were over-leveraged on debt or they were struggling. The second kind of enterprise that actually had enough funds to run the business, but you know, were marginally profitable or didn't have very strong cash flows. Then, there is the third type of business which is very strong.**

In this crisis, even the very strong businesses will be struggling to survive, because what happened is all the business cycles have been hit at the same time. The ability of businesses to borrow money has been hit, valuations are high. If private equity markets-public markets are, you know, high then you can raise money from private equity players or public markets to retire debt. **Businesses have several options to lever. Here all the lever options have failed.**

Even with a strong balance sheet today, going to the bank to borrow money is not going to be easy because the banks themselves are worried about their exposure. **Because we see this as a once in.... I wouldn't even say century, once in several centuries event.** The banks are worried about their exposures so they are going to be tight on lending, this in turn means that the businesses will have to go to capital markets, now the capital markets are themselves having a

pre-fall so how are you going to raise money in the capital markets, private equity players themselves are right now assessing the risk of future investments, where it's going to lead to.

So, you could have a mass extinction and that is why **the only people who can help today is the government**. They are the only people who can bail us out of this, because otherwise, you know businesses are going to be in a very-very dangerous situation.

Pankaj: This is very well articulated, William. A couple of final questions and I am really grateful you are spending time talking about this, William. One of the things I want to know from you, after all of this is over and imagine a young entrepreneur, maybe you in younger days, decides to build new company from scratch, what would some of the things that you think would be different from this era of building companies? From what you can think and visualize.

William: You know, it's a difficult question to answer because **a lot will depend on the type of government interventions we see, and the type of fiscal and monetary stimulus is being offered as this crisis unfolds**. It's very early to say right now and I am sure like many governments around the world, the government here will also come up with a very generous package to help businesses.

In the absence of that, right now **I see that there will be a massive shrinkage in consumer demand and that is possibly the worst time to start any kind of business**, unless you are starting a business which directly, you are starting a medical business, where the demand is relatively inelastic, so if people fall sick, they will go. But, other than that, it is very-very difficult times to start the business **because all the traditional sources of business growth, one being a strong consumer demand, a vibrant ecosystem for what to produce and, all those things are today in a state of lockdown**.

So, **I would feel that as an entrepreneur, this will be a good time to train yourself, if you can, acquire skills**, maybe get an MBA, if you can afford to, or do something like that because this is a very, immediately post this will be a time of shrinkage. **It's not going to be a time for new things**. Having said that, I think that, **new opportunities will begin to become very clear to people, especially in areas of home delivery, e-commerce, digital. People have really discovered that they can work from home**. So, a lot of new industries will emerge out of this, but it is going to take some time for the dust to settle for people to see clearly where the new opportunities will come from.

Pankaj: Final question William, before I let you go. Based on everything we have discussed so far, if there are 3-4 things, you are sitting in a war room, what would be your survivors' checklist, if you were to pick 3-4 things?

William: 1. **Top of the list is to conserve cash** because it's not going to be easy to get cash from the traditional sources that I spoke about earlier. The 2nd thing is to **communicate to everybody, no matter how big or how small you are, you must really, as a leader, communicate**. This is the time that you communicate to people, tell them what the plans are, you bring them into confidence, you share information with them, this is really the time. The 3rd is, **it is the time to really figure out who you are as a professional and as a person what are your value systems and at a time like this how are you going to live those values at a time like this, because this is the time when those things will be put under real test**. And 4th, I

think it's important to **ritualize lot of practices** because this is a time when people are working from home, when they are feeling disconnected, so, if you ritualize, like we have several meetings everyday which are fixed. They happen every day. Some meetings happen twice a week. Some meetings that happen every day. Some meetings that happen once a week. You just set the tone which you will like to progress.

So, people have a structure and a framework around their day, I think this is very important and last, **make sure as a leader you have a lot of time to reflect on the future.** What's going to happen, what will your future look like and what is your role and the role of your business in that future?

Pankaj: This is wonderful, William. You are a voice of sanity and wisdom and this really helps. Thanks for your time, William.

William: Take Care Pankaj. I hope all is going well and stay safe.

Pankaj: Thank You and you too. Take Care

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