



ASHWAN NAGPAL

Quest to Stand Apart

How Sanjiv Bajaj uses differentiation to grow Bajaj Finserv in a crowded market *By Priyanka Sangani*

In early 2008, Bajaj Finance had a ten-member team primed up and ready to launch its loan-against-mortgage business. However, it was a good six months before the team disbursed its first loan. The reason for the delay was Sanjiv Bajaj, Managing Director of Bajaj Finserv. He kept sending the team back to the drawing board with one brief: find differentiators. "When you enter a new space, the initial impression you create is very important; we didn't want to launch something ordinary and then improve on it later on," Bajaj told ET Corporate Dossier.

It's this management mantra - of standing apart - that 45-year old younger son of Rahul Bajaj has used in the last seven years to drive growth at Bajaj Finserv. While more

famous elder brother Rajiv has been steering Bajaj Auto in a new direction, Sanjiv has been quietly working to make his own company a star in its field. The results are there for all to see. Bajaj Finserv, which is the holding firm for Bajaj Finance, Bajaj Allianz Life Insurance and Bajaj Allianz General Insurance, posted a profit of ₹1,514 cr in 2013-14 - a sharp turnaround from the ₹32 crore loss it incurred in the financial meltdown year of 2007-08.

So, how does Bajaj Finserv go about its mission of differentiating itself in a crowded financial services market, full of 'me-too' players? Take the insurance business, for instance. Unlike most home insurance products that only cover the cost of construction, the company came up with a product that covers you for the actual value of your house and its contents, says Tanan Singhel, MD & CEO, Bajaj Allianz General Insurance. Typically, the general insurance business is restricted to the larger towns and cities because the cost of setting up distribution in the hinterland is prohibitive. Five months ago, the company launched, what it calls, virtual offices. "We have done away with cash collection and operate using cards, effectively taking the distribution office to the customers' doorstep. This has changed how products are sold and distributed," says Singhel. The company has expanded its presence from 90 to 213 towns and Singhel has an ambitious target of extending services to 1000 towns next year.

At Bajaj Finance, the lending arm which finances everything from home loans to two wheelers, systems have been put in place to enable its representatives to process loans for durables in three minutes, and for existing customers, in just three seconds. Rajeesh Jahn, CEO, Bajaj Finserv says, "We are in a highly commoditised business and so Sanjiv's question to the management has been focused on one area - are we bringing to market a differentiated proposition that helps customers identify with us very differently?"

Sanjiv Bajaj's growth story - personal and professional - has been influenced by two events which happened in 2007-08: the Bajaj Group demerger and the recession that followed. When Chairman Rahul Bajaj carved out Bajaj Auto Finance from Bajaj Auto in 2007 to be headed by son Sanjiv, the extent of the financial meltdown that was just around the corner wasn't yet clear. One year into being a non-banking financial corporation (NBFC), Bajaj Finance saw losses go from 2% to 5%, with its key business, two-wheeler financing taking a big hit. It also hit home the perils of being a lender focused on a single vertical. "We decided to follow a diversified lending model so as to create a strong foundation for the business going forward. If most banks do that, why can't we?" asks Bajaj, sitting in his Pune office - another contrarian decision, to not run a financial services business out of Mumbai.

CONSENSUS BASED DECISION MAKING DOESN'T WORK BUT IT DOESN'T MEAN YOU HAVE TO BE AUTOCRATIC... YOU CONSULT WITH PEOPLE THEN TAKE OWNERSHIP FOR THE DECISION YOU MAKE

The Bajaj Factor

THE INITIAL IMPRESSION WHEN ENTERING A NEW MARKET IS IMPORTANT

FOCUS ON LONG TERM SUSTAINABLE GROWTH OVER SHORT TERM GAINS

IT IS OKAY TO TAKE A HIT IN THE SHORT TERM IF IT'S IN LINE WITH THE LONG TERM BUSINESS GOALS

OFFER A PRODUCT THAT CANNOT BE COPIED BY COMPETITION IN SIX MONTHS

DIVERSIFY AND SPREAD YOUR RISK - JUST BECAUSE NO ONE ELSE HAS DONE IT DOESN'T MEAN IT CAN'T BE DONE

IN A ME-TOO MARKET, THE CUSTOMER WILL GIVE YOU A CHANCE ONLY IF YOU OFFER HIM SOMETHING UNIQUE

The Bajaj Way Continued on pg 2