



B-School Master

He's studied in them, taught in them, and helped start a few of them. Now, Bala Balachandran has his own B-school.

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Few choose to become entrepreneurs at the age of 66. Fewer still benchmark their new venture on the renowned Indian Institute of Management (IIM). Bala V Balachandran has done both. Five years ago, the professor, now 71, started the Great Lakes Institute of Management (GLIM) in Chennai. He had little money. In his mind, however, Professor Bala, as he's usually called, was already a serial entrepreneur. That's how he counts three earlier not-strictly-entrepreneurial stints. The first was as advisor during the setting up of IIM-Bangalore in 1973. Then came his proposal for a \$700,000 grant from the United Nations that enabled the Management Development Institute, Gurgaon, to get off the blocks

. The third, and most recent one, was when he helped his friend Rajat Gupta of McKinsey put together the faculty for Hyderabad's Indian School of Business (ISB).

One thing Balachandran had was oodles of experience. He started teaching in 1960, when still a graduate student at Annamalai University, Tamil Nadu. In 1967 he moved to the University of Dayton, Ohio; and in 1971, to Carnegie-Mellon University, Pittsburgh, where he taught management courses while working on his doctorate. A couple of years later, he joined the Kellogg School of Management's faculty. He was Director of the Accounting Research Center from 1985 to 2006. Along the way, he got degrees in mathematics, statistics, engineering and

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business administration.

Given his background, Balachandran knew how to go about things when he decided to start GLIM in Chennai, one of the cities that lost out in the race for ISB. The yardstick was the IIM. Even in fees—at Rs 8 lakh, says Balachandran, GLIM's fee is a couple of lakhs lower than the IIMs.

But the model was largely ISB's. GLIM too opted for a one-year management programme. "I am a firm believer in the money value of time," he says. In a two-year programme, Balachandran noticed, very few students were serious after the 15th month. Instead of spending money on the second year, he believes students can start earning at the end of the first year itself and start recovering costs.

Balachandran also knew what not to do. He has to thank his ISB experience for that. The cost of developing the Hyderabad-based institute, all of 200 acres, was enormous. Balachandran recalls the institute had to borrow Rs 200 crore. And that reflected in its tuition fee. Starting with Rs 4.5 lakh per student per year, it jumped to Rs 10 lakh in a mere two years, he says.

In comparison, GLIM needed only Rs 40-50 crore. It kicked off operations with about Rs 1.5 crore, which Balachandran raised by selling his property. "I did not want to pass the debt cost on to the students by charging more tuition fee," he says. Until the end of April this year, GLIM worked out of a rented property, for which it paid Rs 1 lakh per month.

Relationships Matter

A positive operating cash flow of Rs 1.3 crore in the first year is heartening. But it didn't mean the going would be easy. There were key challenges. Firstly, GLIM still needed to raise money. Secondly, it needed something that would attract students to a new institute even though there were several well-established ones. Balachandran had something that could effectively deal with both these issues. And that something was relationships.

This was evident to S Sriram, Executive Director, GLIM, even before the venture had kicked off. In 2004, Sriram travelled with Balachandran to Bangalore. "On landing, he made a call, "Narayan, I am in Bangalore and want to see you'," Sriram recalls. "It was only when I reached the

Infosys campus that I realised he had been talking to Narayana Murthy."

Gopal Srinivasan, who heads TVS Capital Funds and is a board member of GLIM, also vouches for his "strong networking skills," which help him reach anyone "from the prime minister to the office boy."

Observers can recall how the institute has had high-profile visitors in the short time it has been in existence. They include Raghuram Rajan, when he was the IMF's chief economist, management guru CK Prahalad and Nobel laureate Finn Kydland.

GLIM's list of advisors could very well be a who's who in the world of business and education. Apart from the likes of Rajan, people such as Marti Subrahmanyam and Philip Kotler advise it on academic affairs. Its business advisors include Ratan Tata, Indra Nooyi and Kumar Mangalam Birla. Balachandran believes these names wouldn't have been associated with GLIM had it been a commercial project. That's why he opted for a not-for-profit model.

Donations, rather than debt, are thus the main source of funding. GLIM got Rs 25 crore in this manner from corporates. "Since we were a not-for-profit institute, the only way we could have money was through donations or positive operating cash flow," he says.

On the face of it, the GLIM story seems largely a Balachandran story, hinging largely on his experience and contacts. Balachandran wouldn't agree. He plans to move toward a mentoring role eventually and let Sriram take over operational duties.

GLIM already has a strong decision-making body in its board (whose Chairman is Jamshyd N Godrej). There have even been times, Sriram says, when Balachandran's views have been vetoed by the board's majority view. One such instance was when they debated the introduction of an executive MBA programme. Balachandran wasn't in favour of it, but the majority was.

What Balachandran wants now is to ensure all the borrowed money is returned in three years. Once GLIM Chennai is financially stable, he and his team may look at setting up a second GLIM in another Indian city.

In terms of salaries offered to students by campus recruiters, GLIM is some distance from the IIM benchmark. Still, the five-year-old institute manages to attract recruiters that offer its students an average of Rs 8.5 lakh a year.

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“It’s too early to call GLIM a success,” reckons Gopal Srinivasan of TVS. “It will be a success when Balachandran achieves his target of 1,000 students graduating from GLIM every year.” Now, that number is at 162. But Balachandran is confident of crossing that benchmark and many others. “What the IIMs achieved in 25 years,” he says, “I want to achieve in 10.”

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