P V Ramana, Founder ITM Group of Institutions, on how management lessons helped him run ITM in a non-conventional manner

BY ANAM NAQVI

P V Ramana recalls being instilled with the value of analysis from the age of three. Growing up in a 1940s middle class home in Andhra Pradesh, Ramana would write the important news headlines of the day on the walls with chalk and wait the return of his father from work. His father would then, at the end of the day, explain to young Ramana the use of words, grammar and syntax in the English language.

"My father used to say that a man does not become great by his words, but by what he does. At the same time he also inculcated the idea that communication is very important to move ahead in life. This idea gave me a foundation for the coming years," reminisces Ramana.

From learning by writing on walls to spearheading a group of institutions, Ramana’s journey sounds like a fable we read in school.

The eldest son amongst five children, Ramana shares that he had a humble begin-
Executive learning

One thing that defines Ramana’s leadership style is the employment of management principles in the running of a higher education institute.

He has spent a good amount of time as a top executive at various organisations, which has taught him the art of cost control, accountability, delivery of a quality product and management of a large organisation.

After working in the industry for a few years, Ramana decided to further his education in the USA with a degree in mechanical engineering and an MBA from Washington State University, between 1970-77.

After he returned to India in 1997, he was appointed the Managing Director of TTK Group. He also served as the Chief Executive at International Division of Grasim Industries between 1984 and 1990. ITM was established in 1991.

Ramana’s on the job learning while managing big organisations and an American MBA have helped him deal with professional challenges in the education sector.

His stints at TTK and Grasim required foresight and a profound understanding of management concepts and applications. The economy was not very conducive during 1977 at TTK. His work at Grasim was also filled with similar challenges.

“I think the most important challenge was to make profits for TTK group. When I joined them in 77-78 it was reporting losses and to turn it around was very hard work. It was a learning period for me in India as well as in management,” he says.

Entrepreneurial streak

“I had a good title and a good job in Grasim, but then I thought, ‘Can I do something for myself, by myself? And what is it that I am good at doing?’”

Ramana found asking himself this question in mid-1990.

While an MBA prepares one for a career in management it also prepares one to start a new venture.

No wonder then that he was also caught by the entrepreneurial bug after surviving at and acing the work at managerial positions.

“I knew I was good at managing. So anything that I decided to do would have to be connected to this. The best way to use the acquired skills was by attempting to manage an organisation or sector which is inherently inefficient,” Ramana says.

A conversation with his then reporting manager, Aditya Birla at Grasim, helped him step into the Education sector.

Ramana recalls him saying, “If you want your business to run forever build a temple, a hospital or an educational institute. If you do one of these three you will live far beyond your own life.”

This conversation inspired Ramana and contributed to his decision to establish a management educational institute.

Building on the conversation, Ramana says that he was in no financial position to build a temple or a hospital but he had enough capital to be able to start an educational institute and experience to be able to run it efficiently. Ramana also recalls three other reasons as to why he decided to start a business school. He remembers surveying the Indian economy in 1990-1991 and coming out with two points:

1. Indian economy was in a bad state and to start a business in manufacturing would not be risk-free. It would also require more capital than he could afford.

2. He found that institutes of education especially higher-education were running through an inefficient system in India.

“I felt that if I began work in education, I could combine two things. I already know management and I can survive by bringing corporate methods into the management of a higher education institute,” he recollects.

Also, since he did not have an abundance of capital he was just a former chief executive from a big company with a small budget to start something new.

“I had to discover a way of starting a business school without too much capital and I knew I could do this. That is how the first business school of ITM started in 1991 in Bombay,” says Ramana.
Bringing efficiency in education

Ramana believes that the masses have a wrong notion about educational institutes and how they should be run. He does not agree with the statement that higher education is a sector that makes losses or requires grants and subsidies.

"In 1990-1991, when I said that education was the most inefficient industry, I collected benchmarks while doing so. In an institute like IIM-A which was admitting about 150 students in a year, it had about 1,400 non-teaching staff. Which means that only 20% of the budgeted expenses were going towards academics," he says.

He decided that ITM would do this the other way round and spend more on academic expenses. Ramana tells us that ITM teaches 15,000 students in a year but employs less than 400 non-teaching staff, reversing the usual style of institutional management.

"The biggest lesson I have learnt and want to share with other managers is that if non-teaching expenses are taken care of, the institute can improve its quality by spending more on inspiring faculty," Ramana shares.

ITM also sticks to the policy that an efficient institute should spend only 20 percent of its budget on administrative expenses and 80 percent in academic expenses.

Managing an educational institute is challenging but worthwhile but may become difficult because of oversupply, says Ramana. "I learnt long ago that despising the government does not work in anyone's favour and one needs to work together," he says. "That's what we did. We adopted a policy of compliance instead of going around policies or regulations. The process takes a lot of time but it proved to be our saving grace," he adds.

ITM does not believe in selling seats, management quota or donations. It does not receive any government grants or subsidies either.

"This is the reason that ITM has gained brand value. We believe that we can give good results at affordable tuition fees," Ramana says.

While talking about fees, Ramana also relates the management's dilemma about tuition fees and sustaining an educational venture economically. The general outlook or solution would be to increase tuition fees as brand value increases.

Since ITM is not funded by any business or the government, and believes in affordable higher education, Ramana decided that the tuition fee should be related to the average cut-off salary of a graduate.

"Across all the courses we offer, the tuition fees we charge will take less than two years for a graduate to earn back. This is how ITM has sustained itself in a transparent manner," he shares.

He explains further that as the brand value of the institute increases, the average salary of its graduates also follows suit, ensuring that the institute makes money and continues to improve its quality.

Without a trickle of malpractice, Ramana prides himself in making an institution function with honesty and transparency.

For greater good

While dispelling notions that higher education institutes require aids and grants, Ramana also believes that working in the education sector allows one the opportunity to give back to society. Education itself is considered a noble sector as it gives society skilled and educated individuals.

He has gone a step ahead and also got Students at ITM to be responsible individuals by getting them involved with two initiatives that he finds personally uplifting.

Leaders of Tomorrow: An initiative taken to educate children from slum areas and provide them with sponsorships for courses.

More than 30,000 children have been given opportunities with through this initiative.

The movement has become so popular that every year 100 companies spon-
P V Ramana attributes his ability to maintain work-life balance to his wife’s support. (Seen here holidaying with his granddaughter)

Family, life and leisure
Ramana's wife, Mrs Lalitha is also the co-founder of the ITM group. His sons help out at ITM too. This means that the family also acts as a strong support system in terms of professional backup.

Mohan, his older son, is the Chief Technical Officer (CTO) at the University of Chicago. He helps in ITM with technology and higher education policy decisions. Mohan's younger sibling, Nitin, is the Executive Vice President at ITM and looks after the day to day activities.

"For a good time, my wife has worked closely with me and supported me. I am also lucky that my wife has similar interests as me" he laughs. This has helped him maintain a good work-life balance.

Both Ramana and his wife enjoy Carnatic music and dance. They also support several dance and music groups.

"We have taken up a project that helps anyone learn parts of Carnatic music online and free of cost," says Ramana.

His love for gardening, cooking, health and literature are also apparent from his personal website to which he contributes regularly.

Ramana believes in the concept of immediate reinforcement and the philosophy that a response to something good must be immediate as opposed to procrastination. The line ‘Present mirth has present laughter’ from Romeo and Juliet, he says, makes spiritual and business sense.