Family Office Interview Series

A conversation
with Riaz Currimjee

Relishing conflict – a driver for change

Riaz Currimjee is the Founder and Managing Partner of Surya Capital, the family office backed Africa focused private investment firm he set-up in 2016, and also a Non-Executive Director of his family's company, Currimjee Jeewanjee & Co Ltd, one of the largest family-owned multi-sector conglomerates in Mauritius.

He is both an intrapreneur: a driver for change within his family's company, and an entrepreneur outside it. As a result, he offers a tremendous insight into how to keep the entrepreneurial spirit alive through multiple generations, as well as how to avoid falling into the 'clogs to clogs in three generations' trap.

The Currimjee Jeewanjee & Co story begins back in 1884 when an adventurous twenty-two-year old, Currimjee Jeewanjee, Riaz's great-grandfather, set foot on the shores of Port Louis, Mauritius, from Gujarat, India. He started a small business in 1890 at Louis Pasteur Street, trading in commodities, which grew over 130 years into a conglomerate with significant interests in telecommunications (as controlling shareholder of Emtel, the first mobile telecommunication company in the Southern Hemisphere and the first to launch 3G in Africa) and founding shareholder of Bharti in India. Its other business interests include: satellite television, real estate, hospitality, tourism, energy and FMCG, including partnerships with Airtel, Canal+, Total, Minor, Singapore Airlines and PepsiCo International.

"We are the fourth generation of a Mauritian-based family business which was set-up by my great-grandfather," recounts Riaz. "He set-up a commodities trading business: exporting sugar from Mauritius to India; importing spices from East Africa; importing rice from India, and investing the proceeds in real estate."

At that point, Mauritius was an English colony, Riaz explains: "The economy was effectively dominated by a handful of Franco-Mauritian families: descended from the French who established Mauritius and who owned most of the land and big sugar plantations," he says. Riaz's great-grandfather had two sons: "Although my grandfather was the younger brother, he very much led the business which he expanded into industry in Mauritius and the Indian Ocean region: he bought a cement factory in Madagascar and took the business into a variety of what used to be called 'export substitution industries'."

Riaz explains that because Mauritius was an island which depended on imports for everything, the Government encouraged some of the more established business groups to start manufacturing. "We got into manufacturing, initially making soap and laundry products, set-up a Pepsi bottling plant and a (then) joint-venture making fats; butter and spreads, as well as still importing and distributing rice," he says.

In the 1970s, the company was among the first pioneers to launch a textile manufacturing business in Mauritius. "In the late 70s/early 80s, Mauritius became a hub for manufacturing textiles, starting with knitwear," explains Riaz. "Mauritius benefitted from having no quotas into Europe or the USA and the Mauritian Government set-up, what was then very forward-thinking, Export Processing Zone ("EPZ") – in the UK you would call them "free ports" - where you could set up a manufacturing business exempt from taxes and other duties for ten years. It became the family's biggest business by turnover for a number of years until we launched the first mobile company in the Southern Hemisphere, which became operational in 1987," says Riaz.

After that the family business expanded and diversified into many different sectors, but up until the launch of the mobile business, the company was always family run.

The importance of good governance

"The mobile company was a joint-venture with an international company, so professional management was hired," says Riaz. "We then set-up a joint-venture with Canal+, the French broadcaster, to set-up a satellite television business which was also professionally managed. Previous to that we had a joint-venture with Elf, which became Total, in downstream oil and gas, which was also professionally run. By accident more than by design, these businesses became the biggest businesses and they were all professionally run whereas the historical businesses, the industrial, FMCG businesses, were still managed by family members." he explains.

According to Riaz, there were a couple of major pain points in the family. "The textile company was set-up by my uncle who was a great visionary, strategic thinker, but he brought in his two sons straight from university, neither of whom really wanted to be involved in the business, and who didn't have any real work experience. He gave them responsibility beyond their competence and experience and whilst they worked hard, it was very challenging. Because of this, and a variety of other reasons, the textile company alongside other textile companies in Mauritius, started to have financial difficulties," Riaz reveals. "My uncle believed the company could be turned around, while it was pretty clear that it was beyond saving. It was a big business employing 3,000+ people and he convinced the family to give him another chance.

"At the same time, we had invested, as founding shareholders, into what became one of the first mobile operator in India, called Bharti Airtel," Riaz continues. "We sold most of our shares in what became the largest mobile company in India to fund that attempt, but the textile company went bankrupt," he adds. "It was a real tragedy".

Avoiding conflict

“A few years after that happened, I wrote a letter triggered by those events: that we sold out of what became a massive company to fund a company that then went bankrupt, all because we wanted to avoid conflict,” recounts Riaz.

“I emailed that letter to every single member of the family and it said things that had never been said, or written down in the 100 year history of the company. I used words like nepotism and destruction of shareholder value – not very diplomatic or tactful!” Riaz exclaims. “My father told me not to do it, my cousin, who is now the CEO, told me not to do it and some of my relatives didn’t speak to me for a few years! It was very badly received by most, particularly those that worked in the family business, but well received by the minority shareholders, especially the women who didn’t work in the family business and didn’t have a voice,” he says.

“Avoidance of conflict has been a theme through the family: it’s probably the reason we’re still united after four generations, but it has also meant that a lot of tough decisions are avoided,” Riaz reveals. “I actually don’t mind conflict at all, sometimes I relish it, so I’m very different from most of my family in that respect!” he adds.

“Without being immodest, I do believe that letter started discussions, first within the individual families and then eventually within the wider family, about issues such as governance, accountability and dividend payments.” Riaz says.

Towards better governance

About twenty years ago the company appointed two brothers who were family business advisers from Kenya. “We started what has now become a tradition, of yearly family meetings. We meet once a year in a hotel with the first day as effectively a shareholder meeting, and then there are family events and bonding etc, explains Riaz. “The relationship with the Kenyan advisors didn’t last and after a few years we started working with Professor Randel Carlock, Emeritus Senior Affiliate Professor of Entrepreneurship and Family Enterprise, and Christine Blondel, Adjunct Professor of Family Business, from INSEAD, who ran a series of workshops,” Riaz explains. “As a result we decided to put in place a shareholders agreement, which we didn’t have because the business was set-up in 1888! It took a while because we had to retro-actively agree a number of important issues; and we set-up a family council with a family constitution,” he adds. “So things have moved-on a lot.”

The family now has two holding companies, one covering the historical FMCG companies which is family run, and one which is effectively the main investment holding company and which generates 95 per cent of the profit.

Choosing your own path

“I’ve been the defender and the voice of the minority shareholders,” says Riaz. “I have no problem picking a fight and saying things that nobody else dares, or is comfortable, saying. Had I joined the family business, who knows where I would be today in terms of role and responsibility but I would have asked to be interviewed and independently assessed for any roles I sought or was chosen for,” he explains.

“My father was a great contrarian. He didn’t join the family business. He was an architect and set-up a practice with his cousin. They remained equal shareholders to their brothers and non-executive directors, but they didn’t join the family business. I guess my dad inculcated that contrarian gene in me,” Riaz says.

“I have been fascinated by business all my life, but I always wanted to do my own thing. Maybe I was driven by a slightly immature ambition to prove myself, to be my own man. I am utterly conscious of how lucky I am. I didn’t choose to be born into a family business that, in the context of the Mauritian Indian Ocean, is big and just happens to be on a paradise island,” Riaz quips. “I did four years at Arthur Andersen and qualified as a chartered accountant then I spent just over four years at Lazard in M&A. That was the point at which I wrote my letter to family members and effectively realised that my role was to be that voice of constructive criticism, keeping people accountable, and challenging the status quo,” he explains. “I’m adding value, but in a different way than operating a business.”

Riaz hasn’t walked away from the business. “I’m on the Board and have been for years, and I’m active as a non-exec,” he says.

Can the entrepreneurial spirit be kept alive?

“It’s very challenging, because we were entrepreneurial,” claims Riaz. “My uncle sat next to the CEO of one of the first emerging market telecommunications companies in a hotel lobby in Sri Lanka in the mid-80s and that led us to get into mobile phones; nobody else in the Southern Hemisphere had mobile phones. And I could mention example, after example, after example before that. There was a huge amount of entrepreneurship until the third generation. I feel that my generation, with a few exceptions such as my cousin who is the CEO, doesn’t have the same hunger, the same ambition, the same drive as previous generations; perhaps there’s a feeling of entitlement,” he muses. “If the people at the Board level and the owners of the business are no longer as entrepreneurial as they used to be, you can’t turn a switch and make them entrepreneurs. Those of us that are entrepreneurial are just going to have to be louder,” he adds.

Clogs to clogs in three generations

“I know that expression very well and we got very close to it!” exclaims Riaz. “But we were very lucky in that we entered into joint-ventures which encouraged professional management. We were able to compare the performance of the family-run businesses with the performance of the professionally-run companies and it was pretty clear that we were much better off having professionals run our businesses than family members,” he admits. “We are also united by a set of values and through the tough times, what united us was stronger than was separated us. I am very proud that we have stayed true to our values and never compromised on them”, Riaz adds.

“Now we are unequivocally on the path to being a professionally run family-owned business,” Riaz says. “We’re not there yet. We have a shareholders agreement, a family council, the main holding company has a proper Board in the sense that there is over 40 per cent strong NEDs, with an audit committee, a governance committee and remuneration committees that are independently chaired. We effectively mirror public company corporate governance,” Riaz claims. “It really is a very well governed company and the rest will follow. We are heading towards a situation where only in exceptional cases will family members work in the family business,” he adds.

Leveraging an unfair advantage

“When I was an associate, a senior associate, a VP in investment banking at Lazards, my family’s business and reputation had no relevance in Europe,” explains Riaz. “When I was working in India, my family had very good, deep relationships with the Indian industrial class so I leant into the family a little bit then. Maybe it was ego; I so wanted to be independently successful, that I didn’t want to use something that was so obviously available to me,” he admits. “Then I started doing private equity in Africa. Mauritius is seen as an African success story, so saying that I come from Mauritius and from a 130 year old successful business was a major icebreaker in conversations with entrepreneurs or family businesses in Africa, so I absolutely used it. Now I have no problems using it,” Riaz says. “It is part of my DNA, my heritage and in many ways where I learnt about business”.

Where Riaz still hasn’t managed to use it is in his investment fund business. “Until now I’ve been operating on a deal by deal basis and my family has never backed me in a single deal. As we don’t yet have a proper independent process to invest in businesses set up by family members, I am not sour about this as I would only expect an investment if it had gone through a strict process,” he explains. “But what we do need to figure out is how to back people who are entrepreneurs outside of the family as we could be missing out on excellent opportunities and on ways to keep the family entrepreneurship heritage alive,” he adds.

“Those models work if there is real accountability, if people accept that there’s a process which is independent and that it’s fair. Some people will get a ‘yes” others will get ‘no’s’, and it won’t be because they are the brother or the cousin or the best friend of an executive. We do want to do that, but it might take a few years yet,” Riaz admits. “I prefer not being backed by my family than being backed by my family without due process”, Riaz adds.

Opening the door to the next generation

“My kids are eight and six, so it’s a bit early!” jokes Riaz, “but the family business has a process. There’s a written policy for employing family members and a path they need to take. There’s a two year internship revolving around different companies and reporting to non-family members, to determine whether family members are hireable full-time,” he explains. “Now there’s also a process to encourage the fifth generation to get to know the businesses more through internships and that’s being driven by Christine Blondel, a NED on the Board who has lots of experience,” Riaz says.

“My partner and I in my investment company have decided not to be a family business,” he shares. “We’re going to hire people and eventually we’ll retire. We both agreed that if the venture succeeds and grows, it will be structured like other private equity businesses, and we will sell or relinquish our GP stakes to the new GPs who come in. My kids will have the option to go back to Mauritius if they want to where there will be a process and a path for them to follow, or they will do their own thing,” he concludes.

What three things are important for an entrepreneur to succeed?

“Number one is to spend six or seven years in a big company. If you want to work in finance, go and work in an accountancy firm, consultancy firm or an investment bank. Although the world’s changing so fast today that kids are finishing university are doing start-ups and being very successful at it, I’m talking more generally,” says Riaz.

“Number two: even if you want to do your own thing and be independent, don’t shoot yourself in the foot by not taking advantage of what the family offers. It can offer capital, but more importantly it offers a network. If you come from a successful multi-generation family business, they know people and they know people who know people, and the reality in business is that networks matter the most.

“The third thing is don’t be afraid to ask for advice. You want to be independent, but there might be people in the family business, either family members or executives in the family business, who are very capable at finance, operations, or marketing. They can be mentors, advisers, people you can bounce ideas off.” he concludes.

What three things are important for an intrapreneur to succeed?

“You need to be even more **meritocratic and more accountable** than in a non-family business, because there’s always going to be the perception in a family business that the family member has an unfair advantage over other colleagues,” says Riaz.

“Important for my family, and in the context of Mauritius which is small, is our **reputation for integrity** which is probably the best of any family business in Mauritius. That took 130 years to build and it can be destroyed in one day, one hour, or one second. Working for a family business is a huge responsibility: you have a responsibility to be even more meritocratic and accountable or you won’t attract the best people, and you have to respect, defend and uphold the values of the company because those are your biggest assets.

“Finally, **take advantage of the non-financial assets,** like networks, that some people overlook,” Riaz concludes.

Start the conversation

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