

# Anil S. Rao

Insights from an Industry Icon

Interview by Stephen L. Doggett



**U**p until recently, Anil Sripad Rao was the second generation owner of one of the largest and oldest (incorporated 1954) privately owned pest control companies in India; Pest Control India Private Limited (PCI), which employed over 5,000 staff. Recently he sold a 57% share in his pest control business to Rentokil. Read about his reasons for selling the business as well as thoughts of where the industry is heading to the future in this very insightful interview.

## HOW MANY YEARS HAVE YOU BEEN IN THE PEST CONTROL INDUSTRY?

32.

## WHAT WAS YOUR MAIN POSITION DURING THIS TIME?

Chairman, Managing Director and CEO of PCI.

## PLEASE TELL THE READERS ABOUT YOUR HISTORY IN PEST CONTROL:

I was subliminally initiated into the fold as a child, listening to my father talk about his work and meeting with various managers and technicians who visited him at home to discuss issues with the business or their personal trials and tribulations. Access to him was without fuss or favor, as he viewed all as equals, which was a fact, for they often worked side by side on fumigation and termite control jobs. It was a family business that considered each contributor a part of the extended family.

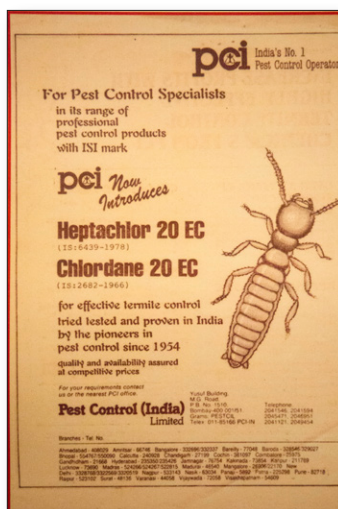
As a truant son, with little academic qualifications (I had dropped out of college midway), I was directed by him to work as a technician

in the early 70's. That 5-6 month stint created an abiding appreciation of the hard work that a good service entailed and the critical role a technician played in the success of the enterprise. He was the ambassador and, in the eyes of a customer, represented the brand we were building. His commitment to delivering the service to the satisfaction of the client and the integrity and pride he patently displayed, was paramount. PCI was known early on as the company that could be trusted to have access to their homes without fear of theft or malfeasance.

This fundamental value was indelibly imprinted in all and those who broke this trust were swiftly extricated. Often, such transgressions were brought to the notice of the management by the technicians and colleagues themselves! It was this collective, protective pride that clearly worked to set PCI apart from most other service oriented companies.

The business went through a very difficult phase in the early 80's due to mismanagement and I decided to join in 1987 to assist my father in resurrecting it from the dire financial straits it had found itself in. At this point of time, PCI was still the largest in the industry but had ceased to grow.

It was an extreme learning curve for me, making sense of a widely spread organization and the many individuals that relied on it! However, the unstinting support from the employees and the loyal customer base helped us recover slowly but securely. Industry conventions like the National Pest Management Association in the US and British Pest Control Association in the UK provided me invaluable information



Early PCI advert



The late Indian Prime Minister, Indira Gandhi, speaking with Anil's father, Nalkur Rao, late 1960's.

and insight into how our industry was evolving and the direction I believed PCI should prepare itself for.

#### **WHAT WERE THE BIGGEST CHANGES IN THE INDUSTRY THAT YOU OBSERVED DURING THIS TIME?**

Until the 80's and early 90's, not much had changed in the pest management industry in India. It was based on the same methods and insecticides prevalent in the previous several decades. The fumigants of choice were methyl bromide and aluminum phosphide. Organochlorines such as chlordane and heptachlor were the insecticides used for termite treatments. Cockroach control in residences (which formed the larger share of the overall business) relied on the liberal spraying of Malathion! The odour lingered for several days and the inconvenience for clients often caused cancellations of services.

The industry took its cue from whatever methods PCI adopted and at the time, services across the industry were largely generic. The first game changer effected was a rudimentary paste bait of boric acid made in-house. This was welcomed by clients who were relieved to have a reasonably effective, highly convenient service, and cancellations dropped dramatically. An added

benefit was that the work could be done by a single technician rather than the splash and dash method which required two men to carry stock and equipment. Labour costs were halved and labour strength doubled! This was followed soon after by the arrival of the first roach gel bait from Rhone Poulenc, who accorded PCI the exclusive rights for the nation. This game-changing product catapulted us quickly to match the growth in the residential market.

The Indian manufacturing sector, especially those who supplied to international markets, felt the increasing pressure from certifying companies like The American Institute of Bakers to meet their prescribed accreditation standards. I had preempted this inevitability some years earlier and invested in the manufacture and import of several key products that were mandatory under these standards, like the Electric Fly Catcher and glue traps for rodents. It ensured PCI would always remain the primary selection as service provider. It also prompted many other Pest Control Operators (PCOs) to professionalize their service capabilities to meet these standards, fueling a need for PCI products that were made available to them through a nationwide network of distributors.

**IN FOUNDING PCI BY YOUR FATHER NALKUR SRIPAD RAO, WHAT WERE THE GREATEST CHALLENGES THAT HE HAD TO OVERCOME IN ORDER TO BECOME THE MOST SUCCESSFUL PEST CONTROL BUSINESSES IN INDIA?**

Along with his older brother, Nalkur Bhavani Shankar Rao, my father had started a company, Goodwill Pest Control in around 1951. They focused on the only service he had any experience in; working as a store keeper in Tehran for the British Forces during the Second World War and the fumigation of grain. With a crew of three (including himself), he seemed to make headway as an entrepreneur until the Indian Government banned the export of groundnuts, one of the main commodities then, forcing the nascent business to collapse. This was the most important lesson learnt; a broader service mix offering was critical for survival. He soon realized that the residential market, a steadier source of business, would need to be developed but he had no knowledge of what these could be or how to go about delivering them.

With meagre savings augmented by some borrowings from well-wishers, he embarked on the riskiest and most ambitious strategy he could muster. He would visit and learn from those who already were well established in their respective countries. So the early 60's saw him spend some months in turn at Rentokil (UK), Ikari (Japan), and

Orkin (USA). In hindsight, it is remarkable that these companies welcomed and supported him in such a magnanimous way but it was perhaps also a measure of the communal spirit PCOs shared the world over during the early years of the industry's growth.

Armed with this new insight and with hope rekindled, he focused on cockroach and termite services but quickly encountered a peculiar problem. In the absence of such services ever being available in India, it became a challenge to convince prospective clients that they needed such services at all! Indians were reconciled to living with pest problems with few believing a service was worth paying for when the recurrence was certain! Offering initial services for free broke that conundrum and the new stream of recurring business provided much needed financial stability. Limited finance, which was hard to come by from official sources, and the inconsistent cash flow posed a live danger to the fledgling company, making growth both necessary and risky.

**WHAT WERE SOME OF THE CHALLENGES UNIQUE TO INDIA IN ORDER TO BECOME SO SUCCESSFUL?**

Unlike other countries in Europe, the US and Australia, where PCOs had free access to ready-to-use products, India did not. Everything needed,



Anil, fourth from the left, at one of the company's biennial conference in Goa, late 1980's.



The PCI company directors at the 2013 PCI Biennial Convention in Goa. From left to right, Anil Rao, Nalkur Rao (Anil's father), Joshua Rao (Anil's son) and Dr. Pramila Chatterjee (Anil's sister).

from equipment to insecticides, was manufactured exclusively for the agriculturist and had to be adapted or innovated to suit the new urban market. Furthermore, the nation's low foreign exchange reserves coupled with restrictive import policies until the early 90's, severely limited access to most pest control products available internationally.

Consequently, the default decision to manufacture products like rodent baits, traps, and formulated insecticides for our own requirements proved very fortuitous, providing PCI the unique ability to straddle the product and service sales markets seamlessly. Aggressive growth of branches ran tandem with the economic growth of many primary and secondary cities nationwide, offering greater access to business opportunities as Indian companies began to spread their operations across India as well.

One of the main challenges we continue to face is the necessary but poorly implemented registration regimen. The cumbersome and convoluted processes hamper the adoption of new products, which have been in use in most countries worldwide, like termite and ant baits. However, such adversity has only served to strengthen our resolve to seek solutions that do not require running this gauntlet and a substantial percentage of our resources is allocated

to creating them at our research laboratory which is dedicated to the development of natural, biologically active solutions.

**YOU RECENTLY SOLD PCI TO THE GLOBAL CONGLOMERATE, RENTOKIL. WAS THIS A DIFFICULT DECISION, ESPECIALLY AS PCI WAS ESTABLISHED BY YOUR FATHER? WHY DID YOU DECIDE TO SELL 57% OF THE BUSINESS AND RETAIN 43%?**

Yes, the decision to sell was hard. Giving up any part of a family business is always a difficult and painful decision. It wasn't taken lightly but the company's future possibilities were considered more important than our wish to maintain the status quo. We believed it needed better managerial talent and systems if it were to keep its premiere position in the market going forward. The cross-company infusion of knowledge, talent and experience would certainly help in strengthening the business. That's why a joint venture model was adopted, divesting a majority stake.

**ARE YOU CONFIDENT THAT RENTOKIL WILL RETAIN YOUR VISION OF PCI?**

I have all expectations that our partner will continue



Anil Rao (far right), meeting with farmers who use the PCI biological products.

to contribute towards the growth and success of the enterprise, keeping the ethic and ethos developed over the past six decades alive and well. I have witnessed this in their operations in other parts of the world and this affinity between our organizations helped me decide in their favour. India, not unlike the European Union, is a complex marketplace cobbled together as one but with diverse demands. I believe it's a challenging but very rewarding market, still largely untapped, with a growth potential outstripping most others!

**IN LIGHT OF YOUR RECENT SALE, AND THIS MAY BE A DIFFICULT QUESTION TO ANSWER, DO YOU HAVE ANY CONCERNS THAT SO FEW COMPANIES ARE NOW DOMINATING THE GLOBAL PEST CONTROL MARKET? IS THERE ANY FUTURE FOR THE SMALL COMPANIES? WHAT WILL THEIR ROLE BE?**

As is the case in most industries, consolidation is inevitable. Particularly, when markets become fractured with too many small players competing for parts of the business opportunities at hand rather than creating new ones. Larger companies can devote greater resources doing this and such initiatives offer the smaller companies better

opportunities to diversify and grow. I shall cite an example: PCI started its pest bird control services some 7-8 years ago, the first of its kind in India. The preparations for this took resources no other PCO in India could or would expend, especially so considering the need for such a service, while latently available, had to be defined, created and marketed before it could be capitalized on! The costs of training in abseiling, rappelling, related expensive gear and the investment in materials such as netting and spikes, would have been prohibitive. Now that such a service has been established, it's only a matter of time before others will prepare to meet the burgeoning demand.

There will always be a need and place for the smaller entrepreneurs who will carve out their niches within the specific markets they target, provided their service quality is of a high standard. Often, it's the personalized approach that many clients seek and when delivered well, will continue to favour the PCO loyally with their custom. The industry is full of excellent examples internationally of such family owned and operated businesses.

**I HAVE BEEN TOLD THAT YOU ARE USING THE MONEY FROM THE SALE OF YOUR BUSINESS TO**

**SUPPORT ENVIRONMENTAL CAUSES. CAN YOU PLEASE TELL US SOMETHING ABOUT THESE AND WHY SUCH CAUSES ARE SO CLOSE TO YOUR HEART?**

I have always been steeped in the love of nature by my parents, who spent whatever they could afford to expose us to the best of such experiences growing up. It created an abiding appreciation and sense of wonder in me, for the beauty and superb logic of Nature's design.

Having enjoyed good fortune most of my life and now the freedom of retirement, I wish to focus on making a positive difference to all around me. I truly believe in the power of One! For this, money has become a very useful means of taking my dreams to fruition.

I have chosen to live out my life in the tropical paradise of Goa on the western coast of India. This state, blessed with year round sunshine, fields and

forests, suffers from the flight of youth to other cities in India and the world, seeking an alternative to the limited opportunities at home. I have started several projects that are designed to create such commercial opportunities for them to pursue within their communities, such as growing tropical indoor plants, orchids, eco-tourism and vocational training for the development of a host of skills that will provide lucrative self-employment.

Serendipity helped me acquire a pristine piece of old growth forest which was slated for iron ore mining. It's uniquely located abutting a tiger reserve and is teeming with creatures' great and small, many still being discovered for the first time! This is now dedicated exclusively for research and accommodates visiting scientists through the year.

**YOU AND PCI ARE QUITE UNIQUE IN THE WORLD OF PEST MANAGEMENT, IN THAT NOT**



We started growing vegetables on the office terrace to show staff how they could use their own building terraces for home grown produce. All planters are made from waste material. This was a very a successful initiative.



Fly and mosquito breeding for in house testing at BCRL Urban Entomology Department

**ONLY DID YOU HAVE A PEST CONTROL BUSINESS, BUT YOU ALSO PRODUCE CHEMICALS FOR THE INDUSTRY AND HAVE AN ACTIVE RESEARCH DIVISION. CAN YOU TELL FAOPMA MAGAZINE READERS MORE ABOUT THESE ARMS OF YOUR BUSINESS?**

As a farmer's son, my father wished us to do something to alleviate the difficult conditions faced by the Indian marginal farmer who relied heavily on the use of insecticides. In response, BCRL (Biocontrol Research Laboratory) was set up in Bangalore as a division of the company, to investigate and create effective bio-rational alternatives that the farmer could adopt. We have had our trials and tribulations over the past 30 years with some successes (and many failures) but have developed expertise in the production of pheromones, and beneficial fungi and viruses. It includes a department of entomology housing large populations of urban pest insects for captive studies and testing purposes, which now directly help in the development of products for urban pest management.

As the CEO of a privately held company, I had the good fortune not to be pressured by shareholders views and valuations. It gave me the liberty to follow the riskiest paths in the development of alternative pest management solutions without the fear of losing my job! A sustainable approach to using the earth's resources is self-evident and it was an obvious choice of direction for me.

I fervently believe, there are plenty of alternative solutions nature has created already. All we need to do is to devote resources to identify and adapt them for use in our industry. Happily, it would maintain the ecological balance we all aspire to achieve without sacrificing the commercial objectives. In fact, with the modest successes we've seen in the field and the positive responses from clients, profitability can actually be enhanced!

**IS THERE ANY REASON WHY YOU DECIDED NOT TO SELL A SHARE OF THESE?**

Yes. We believe these sciences are critical change agents for the future of pest management and still wish to contribute towards seeing these changes being implemented in the field. Such endeavours need stewardship and financing, the nature of which usually runs contrary to the objectives of a publicly held corporate entity.

**WHAT ARE THE CHALLENGES THE PEST CONTROL INDUSTRY WILL FACE IN THE FUTURE?**

The primary challenge would be to develop ecologically benign yet effective solutions. This is of paramount importance as we now witness the consequences of human rapacity and carelessness. This would require major manufacturers and suppliers to the industry embrace this approach and commit to creating a slew of such products. Intelligent Pest Management should be the way forward!

**WHAT DO YOU THINK THAT INDIA CAN TEACH THE REST OF THE WORLD ABOUT PEST CONTROL?**

I'd prefer to rephrase that. I believe there are lessons to be learnt from the Indian experience. The adversity faced by the industry for decades in accessing technology and products has served to trigger self-reliance in innovation. Many government and private facilities have active scientific collaborations to meet these needs and it may well spawn the next slew of game changing products for the world to adopt.

Unlike most countries, the nation has enormous cultural, linguistic, religious and geographical diversity, demanding a keen awareness of each and the need to tweak services and delivery correspondingly. A generic approach doesn't do well.

Indians are generally price sensitive but customers are willing to pay far more if the service is courteous, reliable, efficient, and effective. There is no need to offer deals and discounts to garner a loyal customer base. Customer acquisition is prompted far more by word of mouth recommendations than advertising budgets, ensuring a secure place for smaller companies who adhere to these tenets.

In conclusion, I am convinced the future lies in the creation and adoption of bio-rational alternatives. For example, pheromones and beneficial fungi, used independently or in combination, could prove far more effective and environmentally benign than current methods. Our industry has a responsibility and opportunity to accelerate this process, by demanding such changes from all who participate and profit from it.

**Thank you Anil for the very insightful interview. ■**