

## SRIDHAR GANESH

Co-Founder, Centro

### BEST FOOT FORWARD

A shy entrepreneur who finds his comfort zone in working at the back office. A distribution business that functions behind the scenes of the retail industry. A city that does not seem conducive for premium lifestyle market. These are all the ingredients that do not make for the building of a premium large fashion shoe store. Except it is. And is a roaring success at it. Centro is Hyderabad's shoe store chain that has over 31 stores in Telangana, Andhra Pradesh, and Karnataka, with a projected annual turnover of approximately Rs. 200 crores. The company has journeyed through some unconventional roads. It started in a town called Bellampally in the Adilabad district of Telangana, by a boy who spent his childhood with his grandparents. Not being the one to be boxed in by the rote system of school, Sridhar Ganesh took a keen interest in sports. Growing up in a community of traders, sitting in the stores of his family's textile trade had shaped Sridhar's impeccable taste for fashion. After a short trial stint to work in the financial sector, he was drawn back to the business by a family friend. The footwear distribution business called Creative Corporation, thus, started in 1998 which soon expanded into apparels. As the business grew, it began to cater to many premium brands such as Pepe, Adidas, and Fila, among others.

Few years into the millennium, the retail landscape was changing. Many large retail chains such as Lifestyle and Shoppers Stop began to roll multiple stores across the country with many stores in just one city. With such developments, middlemen such as Creative Corporation began to feel their role diminished as such retail stores began to purchase from the company itself. Those who did rely on their middlemen network expected greater margins.

Around the same time, in 2009, in Hyderabad, Loft, a large shoe store chain backed by Mumbai builder group, Hiranandani was also facing the heat. This 20,000 square feet store had closed its doors in Mumbai and Bangalore and was in the process of winding up its business in Hyderabad as well.

## LOFTY PLANS

Creative Corporation, the parent company of V-retail supplied over 30 percent of the stock to Loft and sensed the opportunity of a takeover. In a move that changed his direction and fortunes, Sridhar seized the moment. Retaining the brand name, he took over the store and refurbished it. Counting on his many years of experience as a distributor, his company brought it to restock the store with products more aligned to customers' tastes.

While the business started to gain pace, the store remained as Loft, paying a royalty. But as the year drew to an end, the company's new owners realized that they had spent time and effort to build somebody else's brand with additional cost. And there was still the nagging doubt if the business would do well under the new unknown brand. But after much deliberation, Sridhar took the plunge.

"We named it Centro as we did not want the brand to just be limited to shoes, but a large umbrella of aspirational fashion retail," says Sridhar. A lesser-known inside-story doing the rounds says that the name was put up during a sale period, unobtrusively where people focussed on the discount rather than the brand name. Minimizing its risk and helping the new brand name slip in with the brand experience, the company helped buyers to get acclimatized. On a humorous sidenote, Sridhar received instant recognition on a trip to China when he discovered that a large shoe company with the same name existed in Russia and other parts of the world!

## CROSSOVER

Moving to the other side of the table to become a retailer from a distributor presented a mixed bag. The distributor business remained riddled with difficulties of sporadic payments and high-handed attitude from retailers. So, the move was a big morale boost, even while it came with its challenges.

Flagship store Centro in Banjara Hills is perhaps India's largest footwear store. Depending on the location, the area of Centro's stores is a minimum of 4000 square feet and can reach up to 20,000 square feet. The format can have high capital expenditure to function. Keeping it under control was difficult, explains Sridhar. But the purpose of maintaining the format was to meet an important end- to give the customer the best experience. "We have something for everybody in the family, from the bride to the baby, from the toddler to the nanny, from fashion to basic. We have cracked the code for this format, to give customers unique options and comfortable leisure experience of shopping," explains Sridhar. He realised that it was important to carve this niche, harnessing the changing times when footwear was becoming a fashion talking point. It is something that has remained his strength when newer challenges emerged. Such as discount store chains in the city or when e-commerce giants entered the domain.

Centro combats these factors by keeping at least 35 percent of its stock unique. The company is also sensitive to local tastes and habits of customers. An instance where this played out, Sridhar relates, was when brands plan mass strategies across the country without keeping in mind factors such as weather. In locations such as Hyderabad, Vijayawada, and Chennai, sandals constitute as official footwear. Especially since people need their feet to breathe in the sweltering weather. "Brands would argue with us when we stocked accordingly, but over time our success proved our practice and they have begun adopting the same," says Sridhar.

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IT IS WORTH **WONDERING** WHY, APART FROM PHARMA, IT, AND FOOD, **HYDERABAD** HAS **BEEN UNABLE** TO BUILD BRANDS.

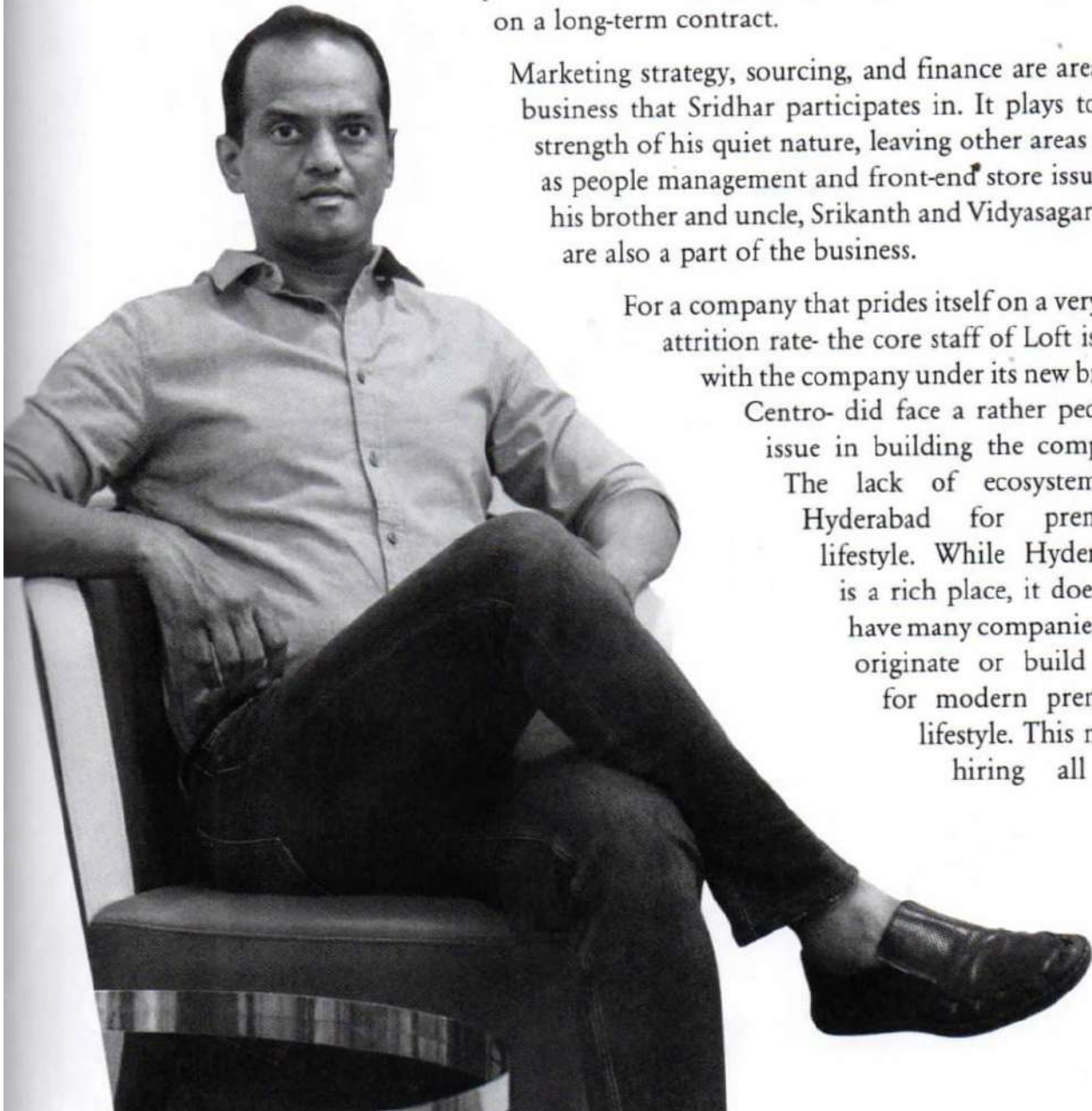
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## MAKING IT COUNT

If carving the niche was a step in establishing the business, getting the word out was next. The job was neither easy nor cheap. Sridhar took inspiration from his MBA training and booked hoardings with the highest footfall areas in Hyderabad. At the start of their first store, they took the hoarding near Imax circle and slowly expanded. “The idea was to create curiosity in people through the creatives. We sell a lifestyle, not just shoes,” says Sridhar. Centro’s hoardings communicate the essence of the product and are looked forward to by its patrons. The company has got rights to these hoardings on a long-term contract.

Marketing strategy, sourcing, and finance are areas of business that Sridhar participates in. It plays to the strength of his quiet nature, leaving other areas such as people management and front-end store issues to his brother and uncle, Srikanth and Vidyasagar who are also a part of the business.

For a company that prides itself on a very low attrition rate- the core staff of Loft is still with the company under its new brand, Centro- did face a rather peculiar issue in building the company. The lack of ecosystem in Hyderabad for premium lifestyle. While Hyderabad is a rich place, it does not have many companies that originate or build here for modern premium lifestyle. This makes hiring all the



more difficult, says Sridhar. Even while the company may hire from other cities, it may be a challenge to show a plethora of choices of companies in similar space.

Sridhar says that it does come as a surprise that people feel Centro is a franchise of an MNC brand. It speaks of both the high standards of Centro while bringing thoughts on the perception of Indian companies. Turning retailers did make some family members jittery, admits Sridhar. The fear was that failure would wipe out all savings. But the calculated risk did pay off and Centro has many more plans up its sleeve. Some include expanding to some tier-II cities such as Raipur, Ranchi, and Nagpur while further expanding to cities in South India. Also on the cards are acquisition plans to expand the business.

Entrepreneurs enter the world of business in many ways. Some bring in never-before-known products while some disrupt with new services. If there is a lesson with Centro's journey, it is to turn challenges into opportunities and making a success of even a random chance. And while the business grows, Sridhar's advise to all aspiring entrepreneurs is the things he has lived by- be patient, invest in people, believe in yourself and learn to delegate.