



# FINANCE

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## DECODING ZARA'S BILLION-DOLLAR BUSINESS STRATEGY

By *Nitya Jignasu (BCom Sec.A, 2<sup>nd</sup> Year)*

Zara is by far one of the greatest brands in the fashion industry, and it is so hard to believe that the venture that was started by a school dropout has now become so huge that it employs more than 100,000 people and has more than 2000 stores spread across 80 countries. The fascinating thing about Zara is that it had not incurred a loss for 19 years until the pandemic showed up. The question is what is so special about Zara and what exactly are the core philosophies of this company that turned it into such a dominating force in the fashion industry. Most importantly, what business lessons do we need to learn from this extraordinary company?

In the 1950s, a 14-year-old Amancio Ortega dropped out of school and found a job at a local shirtmaker store to support his family. For the next ten years, he worked multiple jobs at the government business, starting from being an assistant to the tailor to delivering clothes directly to the customers; during these ten years of experience, Amancio Ortega made three critical observations: went on to change the fashion industry forever. Even today, Zara operates based on the same lessons. What are these observations and lessons so unique that they turned an ordinary boy into one of the wealthiest people on the planet.



Depending on their age group, all human beings put in extra money and extra effort into something called the instruments of status. Therefore, it was understood that the most critical status instrument among women between the ages of 20 to 34 was nothing but clothes. He also understood that along with these status instruments, human beings also have critical parameters that define the value of those status instruments. The parameter to judge the status instrument was never the quality or the utility value of the product. It was all about just a sticker, a label.

Including that, women have two primary parameters that define their status in the social circle. Those parameters are variety and design. The culmination of these parameters is what makes them great status instruments. Very few women cared about the quality of clothes as much as they cared about design and variety, so hardly a few people wanted a dress that would last ten years as they anyways wouldn't wear it frequently.

He also found out that women were highly fascinated by fashion icons like Marilyn Monroe and other fashion models. Still, at the same time, the existing clothing stores never cater to this need of the customers. To get the latest clothing designs, they only had a new stock every two or three months. On the other hand, the designer clothing that caught up with these trends was quite desirable and yet extremely expensive, so clearly, there was an unfulfilled demand in the market. Therefore by using these three insights mines of not buying high-quality clothes in less quantity, Ortega would buy medium quality

material in high amounts and then bargain with the seller to get it at a discount. He would do extensive research to find out what type of designs are trending in the society and what kind of designs are doing well at the most premium outlets and also kept a very close eye on the pop culture and as soon as a lucrative plan was spotted he would immediately get the designers to design something similar and pass it on to the tailors and get the clothes on display within the shortest possible time. This bar was so high that while regular shops had a new stock every two months, Zara had a new design every two weeks, and this is what is known as the fast-fashion supply chain.

The strategy of selling medium quality fashion clothing at affordable prices and obsessively focusing on design and the variety of clothes gave Amancio Ortega three incredible superpowers over the rest of the competition. A lot of customers were delighted to find trending designs and a wide variety of clothes; the best part was all these clothes is the ultralow price because the material itself was born at a very cheap rate on the move that the number of visitors skyrocketed to the store. After all, with new designs coming every two weeks piqued the curiosity of the customers to such an extent that Zara stores had three to four times more visitors as compared to the rest of the stores and this again increased their sales secondly because of more footfall and fast-moving products Zara also got the superpower or something called discounting. The third and most importantly, Zara achieved the golden equation of just in time production and just in case consumption.



Zara manufacturers all the clothes in a just-in-time approach wherein they push out new designs every 15 days. Hence, they end up saving a ton of money by not keeping inventory. Still, the customers tend to buy products with a just in case mindset and end up spending more than needed which means that they have the natural tendency to buy the dress even if it's not required as they will buy it with the mindset of just in case scenarios. Hence, she will have more clothes than needed, eventually saving Zara's inventory cost. Even if A supposedly flawed design comes in, it still gets bought by someone because they think they might need it at that moment merely because of the fear of missing out. The rest of the clothes are made to last for a year, but Zara clothes are designed to last for merely 10 to 15 washes; therefore, people bought three to four times more clothes at Zara and also shocked with three to four times more frequency as compared to the rest of the stores. It accelerated its growth and even today. At the same time, average brands have two to 3000 designs a year. Zara and even H&M release more than 12,000 designs in a single year, which is why today it is A \$13 billion company with more than 2000 stores spread across 88 countries. These principles and an insane supply chain evolution make Zara a super-profitable company.

## JUST ANOTHER SHOW OR AN ENTREPRENEURSHIP MASTERCLASS?

By *Apratim Chatterjee (BBA Sec.A, 1st Year)*

*“BADALTE BHARAT KI NAYI SOCH KO MIL RAHA HAIN EK NAYA MANCH,  
JAHAN UBHARTE BUSINESSMEN KE SAPNE HONGE SACHI! ”*

These words by TV host Ranvijay Sinha starts one of Indian TV's greatest sleeper hits. But first, let's rewind back to 20 December 2021 when most of India discussed the omicron variant of Covid, Indian entertainment giant Sony Entertainment dropped one of their most successful shows. No! I am not talking about some overdramatic joint family soap opera; I'm talking about the business reality show Shark Tank India. The Indian edition of the American show Shark Tank revolves around the concept of new and upcoming entrepreneurs presenting their business and business ideas in front of a panel of potential investors known as sharks; it is then up to the sharks to decide whether they want to invest their own money into these companies. These Sharks are well-known self-made millionaires and titans in their respective industries who, as a part of the show, help budding business owners turn their entrepreneurial dreams into reality by providing financial support and mentorship. Just like the show's tagline, which goes like “Jiska Idea Hoga best usmein Karengे sharks invest”. This hit show aimed at providing a solid platform to India's up-and-coming entrepreneurs, and it is evident that the show has succeeded to do so.

The show has two groups, one being the sharks and the other being the pitchers. The Sharks in any of the episodes includes 5 of the total panel of 7, namely Ashneer Grover, Aman Gupta, Anupam Mittal, Ghazal Alagh, Namita Thapar, Peyush Bansal, and Vineeta Singh. All being experts in some fields required to build a successful business.



The pitchers are the business owners who walk through the giant door, quite literally sell their businesses to the sharks, and hope that the sharks find the business ideas appealing enough to bet their own money on them. The show is made more interesting by putting in educational bits where the sharks break the fourth wall by speaking directly into the camera and explaining crucial entrepreneurship terms. The show also has its light moment when the audience is entertained by the sharks going berserk on each other to get a chance to invest in the upcoming businesses. Not to forget the darker parts where the sharks ruthlessly prey upon those pitchers who fail to develop a Bulletproof presentation.

At this point, I'm sure that fans of the show are on the same page as me, and others are interested enough to give the show a try. So now let's Discover how India's first business reality show came into existence.

Indian TV and movie industry is a very popular yet secret spice that is to copy a western show, add the Indian aspect, and create an instant hit. Most already know that this spice was also used in creating Shark Tank India; the donor for the show's concept was the American Shark Tank. As a rare case, this turned out to be a good idea as more and more people started talking about it every day. Thanks to our government's various initiatives, there is no shortage of highly skilled entrepreneurs in our country who can go miles ahead with a little bit of proper guidance. To ensure the show's legitimacy, Sony reached out to Venture Catalyst. This investing company supplied them with a list of around 300 business founders who could be potential judges for the show. On top of this, Sony did its background research and finally shortlisted the seven judges who now have become people's favourite along with the show's duration. Since putting seven dynamic personalities into the competitive environment and expecting everything to go smoothly was impossible, almost every Shark remembers having a lot of discussions with each other and with the showrunners.



For selecting the candidates or pitchers, the organizers had to run an extensive marketing campaign throughout the country through college alumni and incubator communities; the result of this campaign was a whopping 62,000 applications from across India. Out of these, only 198 businesses were selected to pitch their ideas in front of the shark as part of the show, and only 67 firms were lucky enough to walk away with a fantastic deal. However, I am sure that what other businesses could not take away in the form of investors took away in the form of valuable insight from the very learned and experienced panel of sharks. Also, as many Sharks have now revealed on reality shows and interviews, few among the 67 businesses were later dropped from the program due to inaccuracies and misconceptions.

Going along with the concept of the show, the Sharks had to use their personal funds for the investments therefore, every business and information is given out about the companies were cross-verified time and again both on and off the show.

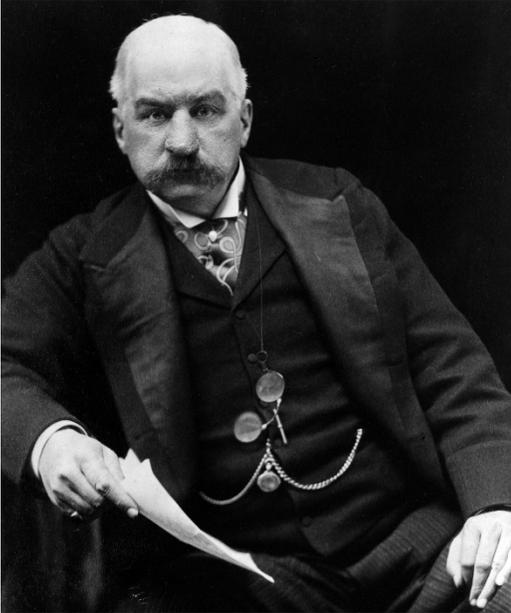
Shark Tank was a refreshing and welcoming experience for business enthusiasts in India and was a perfect blend of entertainment and learning experience. Future business owners got to pick up a few business titbits here and there. The show succeeded in making words like equity, gross margin, and business investments become household terms. By studying the show's success, we can see the importance of marketing and gain insight

into the avenue of social media marketing which was the primary method for this show's promotion. Having shown like this air on television will undoubtedly help change the negative insight about a business that prevails in the minds of most Indians. I am hoping that just like me, you all are also excited for season 2 two of the show and are looking forward to learning about business in this exciting manner and supporting our country's small businesses.



## J.P MORGAN: A TALE WORTHY BEING TOLD

By Vipul K. (BBA Sec.A, 2<sup>nd</sup> Year)



On April 17, 1837, J.P. Morgan was born in Hartford, Connecticut, United States, and attended the University of Göttingen. He was the son of a well-known investor, Junius Spencer Morgan. He grew up to be an American financier and industrial organizer who was one of the world's most powerful financial personalities in the two decades preceding World War I. He reformed numerous major railroads and sponsored industrial consolidations that resulted in United States Steel, International Harvester, and General Electric. He and his partners also owned controlling stakes in Aetna, Western Union, Pullman Car Company, and 21 railroads in the United States.

In 1857, he began as an accountant with Duncan, Sherman and Company. This New York banking institution was the American agent of the London firm George Peabody and Company. Morgan had deep and extremely beneficial connections with the London financial world because of his relationships with the Peabody enterprise. He was able to supply much-needed financing to the fast-rising industrial corporations of the United States from British

financiers during the 1870s.

He began rebuilding railroads in 1885, when he brokered an agreement between the New York Central Railroad and the Pennsylvania Railroad, two of the country's largest railroads, to avoid a potentially disastrous rail-line competition. In 1891, he arranged for the merger of Edison General Electric and Thomson-Houston Electric Company to become General Electric, which would become the dominant electrical-equipment manufacturer in the United States. Morgan took over J. S. Morgan & Co. after his father died in 1890, renamed Morgan, Grenfell & Company in 1910. In 1900, he initiated discussions with Carnegie Co. president Charles M. Schwab and tycoon Andrew Carnegie to purchase Carnegie's steel business and integrate it with numerous other steel, coal, mining, and shipping enterprises, leading to U.S. Steel's formation. The Panic of 1907 was a financial crisis that nearly brought the U.S. economy to its knees. Morgan summoned the nation's top bankers to his mansion in New York, where he pressed them to formulate a strategy to deal with the situation. He also assembled a team of bank and trust officials that transferred money between banks, got more foreign lines of credit, and purchased healthy corporation equities that were falling in value. The event highlighted the necessity for a strong supervisory system. In 1913, financial and political officials, led by Senator Nelson Aldrich, devised a scheme that resulted in the founding of the Federal Reserve System, vowing never to let it happen again and believing that there was unlikely to be another Morgan in a future crisis.

As the Progressive Era's top financier, J.P. Morgan's drive to efficiency and modernization contributed to altering the American economy. Morgan was dubbed "America's greatest banker" by Adrian Wooldridge. He was the driving force behind the wave of industry consolidation in the United States that spanned the late 19th and early 20th centuries as the president of the banking corporation that eventually became known as J.P. Morgan and Co. Because of his supremacy over U.S. banking, Morgan exercised tremendous power over the country's policies and the market forces that underlie its economy.

## THE ZERO POTENTIAL

By *Shravya Amin (BBA Professional 3<sup>rd</sup> Year)*

What is so fascinating about a zero that I decided to write an article about it? Most of you might be wondering if the president doesn't have enough work on her plate already to sit and write a whole composition on a numeric that is considered as absolutely nothing. Jokes on you; you're the one reading it. My dear reader, I'm just jesting around, and you are very welcome here. Well, to be exact, in mathematical terms zero is a number and nothing is just nothing, an empty subset, so they are not the same. Today, let's talk about a concept that's rarely spoken about but forms the lion's share of everyone's lives. I'm not here to talk about digits or calculations, instead, I want to shed light on how the word ZERO has been embedded into our existence, mainly as a negative term.

Zero has an interesting story; if you view it from a historical standpoint, we will have to travel back 1500 years ago in human history where different civilizations like the ancient Greeks, the Mayans, the Babylonians etc. had constructed a unique way of developing number systems and every community had their viewpoints on the idea of zero. Things changed drastically in India; our beautiful nation has a remarkable history; we were gifted with some of the most fantastic astronomers and mathematicians who revolutionized how the world contemplated arithmetic. One of them was the invention of zero by Aryabhata. Though he gave the digit "0", the 7th-century Indian mathematician Brahmagupta was the one who developed concepts regarding the number. An integer that can be added, subtracted, multiplied with but is impossible to divide by – leading to another idea that has been debated across the globe, famously known as infinity.

The story of deriving something out of nothing has been a very challenging journey for mathematicians, physicists, scientists, astronomers throughout the century, and it still is. Zero hasn't just changed the face of mathematics, but it has also been a ray of hope to all these professionals in the aforementioned domains to build and do better in their respective fields. As I see it, I believe zero is more than just a numerical digit. Some refer to it as a portal between positive and negative numbers. It's a neutral figure that represents balance. But why is it that when we apply this value to life, we often tend to give a pessimistic look?

Let me explain; when I was growing up, I heard a lot about "Don't be a zero, be a hero", "You're at your zero, you're failing" or on the darker end, parents often compare their child with someone else's trying to indicate that they are at their zero level in contrast to the other kid, i.e., they have hit their rock bottom when in reality their lives have barely begun. I'm sure, I'm not the only one who has heard all of these comments around me or have experienced some of them being told me first-hand. These derogatory remarks negatively impact young minds, giving birth to self-doubt, diffidence, and insecurities. I genuinely believe these are also one of the reasons why individuals end up having such a defeatist perspective towards living. But why is it that we view zero as an obstructive expression when everything great starts from zero?

Be it a hundred, a thousand, a lakh or a crore for that matter; every significant number kicked off its flight from zero. This can be very well applied to life, to give you a good example, World-renowned comedian Steve Harvey lived in his car and was left with only \$25 in his pockets at the age of 27, Milton Hershey had three separate candy-related ventures that failed before Hershey's, Walt Disney was told he was talentless, but all of them kept going. Let's contemplate, what is this thing that fired their spirit to fight the shackles of hardship? It's learning to embrace the zero-ness, the nothingness as they call it and gain power from it to do better.

Einstein one day came back home to his mother, Paulina Einstein, with a note from his elementary school teacher. Albert was too young to read it, so he asked his mother what the message was about. With tears in her eyes, Paulina told Albert that he was so smart that his educators could no longer teach him and one day, he was going to change the world. Albert's mother went out, bought books, and started educating her son herself. Years later, the world is gifted with an eccentric genius who reformed science in ways nobody could ever imagine. Later in life, after Paulina's death, Einstein finds the note again, and now that he can read it by himself, he discovers that his teacher wrote that he was too dumb to learn, and he was going to amount for nothing in his life.

If there's a level called zero, it has to be espoused. Zero never was a barrier and never will be, if it is something, it's the ground state that prepares an ambitious and determined entity to take risks and face fears. Everything begins and ends with a zero. As Rafiki, the wise mandrill from Disney's Lion King, says it, "Everybody is a somebody, even a nobody." Therefore, the truth is zero does represent a realm of potential that most of them fail to see. It is a circle that symbolizes totality, and in some cultures, zero stands for unity. Without a zero, the entirety of calculus would stumble down; there'd be no big numbers, the markets would fall, leading to a stoppage in the operations of the entire universe. So, my question is, how can zero be nothing?

The type of energy and potential zero has, not just as a number but as a concept, is undefeatable. Why don't we help each other see this? Instead of saying, "Don't be a zero, be a hero", say, "Be a Zero, that's the path towards becoming a hero." Let's teach each other to cherish our downfalls; that's what makes one brave because walking through success is easy, but towards it is always tricky. I define Zero potential as the vibrancy that sparks in an individual during their lowest of times, this glimmer of hope that shines and the vigour to keep fighting through the obstacles is what counts because the ability to get back up on your feet when you have been knocked down many times is not something everyone possesses. So, if you do have that power in you, you have got what I call "The Zero Potential."

I hope this article inspires at least a few of you reading it. If it did, my aim has been achieved. With love and warm regards,

## MARS UNVEILED

By **M.A.R.S**

If you haven't heard, there's a new marketing club in DOC, M.A.R.S (Marketing and Research Simplified).

The sudden influx of clubs in DOC might have startled you, but we assure you that it's an indication of how alive the institution is despite most students attending college online. Students are more creative than ever, and we want to tap into that lush garden of potential.

This club will be a perfect social coterie for all of us marketing aficionados. A place where we can collectively gawk at genius marketing campaigns, a place where we put our heads together to brainstorm marketing strategies and a home without judgment that will bring out the marketing virtuoso in all of us.

We desire to bring together some of the brightest and gifted minds to explore the ever-changing dynamics of marketing. We want to make this an endearing platform for students to gauge the various aspects of the marketing domain beyond classrooms and leverage the same to get a stronghold in their professional careers thereon.

The club will be a forum for everyone to gain a holistic view of the marketing industry and build the skills needed to advance significantly in their future careers.



### *What makes marketing exciting, and why you might want to look into this field?*

- Marketing affects everything; marketing is involved whenever consumers choose one product over another. Learning about marketing can give you the edge anywhere – no matter where you are headed!
- Marketing also explores human interaction as an essential function of a business; marketers are tasked with understanding customer experiences and are also expected to know how to communicate with diverse audiences with varying levels of cooperation.
- Furthermore, perceptions of truth largely dictate the decision-making process for many consumers. Marketing allows the opportunity to examine that process alongside the intricacies of design, promotion, and branding. Some consumers make purchases based on how products and services are packaged. It is not a decision based on truth but rather the perception of reality. Influencing decisions and buying habits is a useful skill, even outside of a conventional marketing role.
- Therefore, understanding the interplay and how a marketing strategy must consider a thorough analysis of each of those components is vital to understanding the fundamentals of business.
- Additionally, marketing career options are many and diverse; it influences just about every industry and organization you can think of, including professions such as accounting, law, medicine, engineering, and the sciences.

### *So, what can you expect from the club?*

We will host a myriad of activities and events to keep the members engaged and discover new things along the way.

Our flagship event is Shark tank with a twist where participants will need to pitch solutions for a dying company. An extreme situation will be provided where the sharks take in the one with the most innovative and ideal strategy.

Additionally, we have exciting events like Biz Strat, a business simulation game, Elevator pitch, where participants must sell themselves or their ideas to a said company in 30 seconds.\

Informative events like the batch preparedness sessions, guest talks and case studies will be held from time to time, enabling students to learn about marketing in different perspectives and expand their thinking horizons.

Other fun events such as selling oneself in an interview will induce confidence and get rid of those interview jitters.

### *So, what's next for the club?*

#### **WE ARE RECRUITING SOON!**

Keep an eye out on DOC's official Instagram page and class WhatsApp groups for updates regarding the recruitments. We can't wait to meet you guys!



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## AN ENTREPRENEUR'S JOURNEY

By **Nadendla Vedashree, Founder of FromVedas**

**(BBA E-Banking and Finance Batch of 2011-14)**

Starting on an entrepreneurial journey is never easy

Nobody is born as an entrepreneur, everybody has a story of how they started on the journey, the path has taken the challenges faced, there is no specific path to follow to become an entrepreneur.

There are many misconceptions that youngsters who want to embark on the entrepreneurial journey have. the belief that one should have a particular education, loads of money, age, background, etc.

The only requisite for starting your journey is a clear-cut IDEA, that is the only driving force for any entrepreneurial journey. Once your IDEA is clear in your head don't let others talk about it. seek others' advice on how to go about it, not about the idea.



A lot of entrepreneurs present or past don't even have the basic schooling or degree but are very successful entrepreneurs. Definitely You will need money to first invest/capital, but it's important how you use that money to make it a bigger X value soon to start your rotational spending cycle. Young/old never matter, the idea matters. When starting a business just know your basics, later your journey will teach you everything that will mold your business.

When someone starts a business, there will be many who will fail, first learn to accept failure. Always burn your hands to build your business, not everyone's business clicks immediately and they become successful. The majority of the businesses fail initially and they grow with the mistakes they learned as first biggest mistake people do is they think they can do everything by themselves, but end up stressed out with a lack of team support. The wrong usage of money resources, spending way too much or way too little will lead to failure.

First and the foremost thing never do everything by yourself, always hire one/two people when you start, just for easy flow of work and to be less worked up. Make sure you know how to spend your money by dividing finance in such a way that you always have a rotation of funds for long-term benefits. For example, if you put 1 lakh on advertising/marketing, make sure you make that 2 lakhs sales first to reinvest into advertising, that's when you won't have a chance of bankruptcy or burning from your pocket. Once something negative happens instantly people tend to take drastic decisions known as emotional decision making, this is to be avoided while doing business. Failing to execute the business plan is the third biggest mistake people tend to do. This is the time when SWOT (Strength, weakness, opportunities, and threats) analysis should play a major role to develop the business back. Last but not least don't take business failure personally, mental health is very important for yourself and for the business to build back to reach its goals.

Decim to start your business, always have your business plan ready.

I am Nadendla Vedashree founder of FromVedas started in 2020, we are into chemical-free household products and cosmetics, we have achieved 10,000 orders plus in the first year itself and received the best emerging eco-friendly brand in Hyderabad and most prominent brand in Hyderabad in 2021.

# CREDITS

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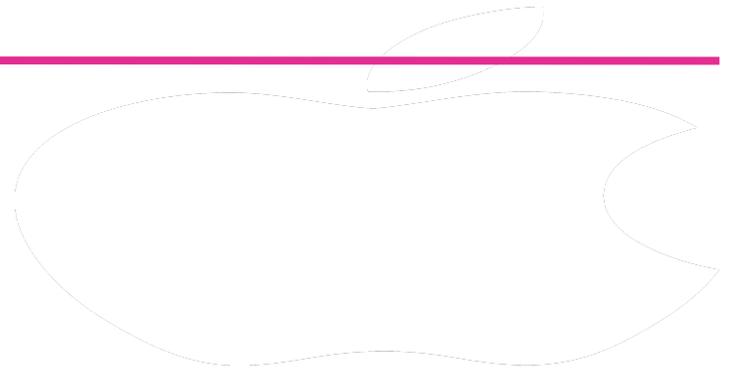
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