

‘My Journey’ with Latika

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Latika Khaneja, Director, Collage Sports Management, was at the IWSB campus with the young entrepreneur leaders who have big dreams in their eyes and were all ears to Latika when she came to share her journey with the youngsters. She visited the campus to discuss a case on “Collage Sports Management.”



Latika at IWSB, interacting with students

Latika has been considered to be one of the powerful women in the Indian corporate sector and is quoted to say that her strength is “marketing and PR skills and the ability to close a deal”. She has been the sole manager of cricketing sensation Sehwag ever since he made his debut twelve years ago. Together they are still blazing in the endorsement space.

Initial remarks

Just as she entered, Latika said “Course in entrepreneurship should take care of the uncertainty. I am really glad to see so many girls here. At IIM we were only 10 out of 200, though it had its own dynamics. I hope to see more and more girls heading into business..”

“In sports management, you need to have interest. It is a personalized business, and mostly at a very private level. A marked coming down from working for a multinational. One way, a job always helps in minimizing costs in learning.”

How did Latika enter into Sports management business?

Husband is a sports fanatic. In order to practice cricket he started a cricket team. So he decided to collect some professional boys to play with. It became the collage team. It was a decade ago. As it turned out the boys were too professional with the game. So we turned into managing them. We had in that team youngsters like Asish Nehra, Nikhil Chopra, Virendra Sehwag and many more who were working hard to get noticed. My husband was so kicked about Virendra Sehwag, that he wanted to see him do well..

In early days of Sehwag, when Sehwag was about to make his debut in test cricket, some one offered to get endorsement for his bat sticker for Rs. 2 Lakhs. But Sehwag got out cheaply and the guy who offered the deal vanished from the scene. Sehwag was feeling sad, that he could have made some money had he signed the deal..

To be secure, most of the cricketers join some PSU like Air India, SAIL etc where you do not have to go and work. You can continue playing but you are paid salaries. Companies pay Rs. 12Lakhs or so as salary, but they will take all endorsement monies, if the player hits rich..

My husband and I sat with Sehwag as we believed in his talent and suggested that let us try getting endorsers. In those days Sachin was signed at 100Crore...

I was working for DCM then. I contacted many companies for endorsements for Sehwag. The companies in turn asked for the proof that I was really authorized to represent Sehwag! So we need contracts in India only to represent the player !!

Viru did well in the mean time. Then Dinesh Mongia happened. Still remember the date of 16 June 2001. Ashis Nehra, Sanjay Bangar, Bindra, Rathore, Gambhir.... a few more happened meanwhile.

Ravinder Jadeja and Ishant made it reasonably big while equally promising Cheteswar Pujara, Iqbal Abdulla, Mayank are invisible. Then a whole lot of people ..Sangwan,

A lot of things happened since those days of 2005-06. My contract with many of the players is getting over in 2012..

New players have different expectations. With IPL coming, dynamics of the business completely changed. That is where I am in now.

Where you lucky enough to pick the most successful ones?

It is not fair to say I picked up. We go and pitch..... There are so many players playing well. So you tend to follow. Though I pitched to many in shooting, only Abhinav Bindra came along, Anjali Bhagwat did not, so was athlete Anju Bobby George.

Challenges –

- a. A lot of companies slam cases in the court for some reason or other
- b. Most of the times it is risky, you put a lot of effort but the person may not succeed in his sport...
- c. When they succeed, most of the times the expectations are so high, you will not make any money..

When you go and pitch for a domestic player. How do you really go about it? How do you decide?

There are 3 or 4 aspects...

It is the time of investment. We do a lot of press and PR. In PR, when you go after the press, the less they come to you. But when you do not want them, they will chase you..

When magazines want to interview a big star like Sehwag, and if he is busy, we suggest an upcoming player like Ishant sharma, saying that he is talented and you are going to see a lot of him in the near future. As luck would have it, then he goes to Australia and takes Ricky Ponting's wicket twice... then he hits big. Now everyone wants Ishant !!

Some sign young players upfront for three years – Adidas, Nike, Puma. If a couple of them hit big, it is a lottery. They sponsor shoes, bats, racket, kit..... small investment and advertisement can influence huge sale. The initial deals may be in the range of 5-10 lakhs !!

With advent of IPL many things have changed. The players get huge opportunities. Why should somebody sign on the dotted line for five lakhs and ten?

Scalability?

It is a big conundrum. We also look at arts. We tried to build Amjad Ali Khan, other sports like shooting – Bindra, Rathore...

In cricket or a popular sport, only four or five are sought after by the advertiser. He is looking at the connect on the street. How many people offer such a possibility? Amjad ali khans, inspite of being talented and looking good, they were able to attract only endorsement deals for Sherwanis etc..

In the initial years of marketing Abhinav Bindra, his papers were thrown into dustbin the moment I left the room. The day he wins gold at Olympics, everybody wants him...

The other challenges for scalability –

Cost of servicing: When you give Sehwag or Gautam, they are interested, a couple of duds, they will never look back..

Burn out factor: How long will you keep running after the guys for the same individual or for a new one..

IPL:

Now IPL came – In 2007, I was the most important person in Sehwag's life as he was getting 10 times more than what he was making from playing for India...

With IPL everything changed. Very few renewed the contract when expired. Let us look at Ashish Nehra. He was not comfortable in endorsing, as he had to appear in front of the camera. But he got so much money in IPL, that he did not even want to endorse as it comes with so many obligations... With such a lot of money why should he? Really.

Industry: Agency and structure...and its dynamics..

Most agencies are boutique. In the early days, there were four companies and each managed one of the big four : Sachin (Marc...), Sehwag (Collage...), Rahul (21st century) and Ganguly (percept). Only way then was to get hold of one big star from cricket and everything went around them.. Percept was the only big company

Deals signed were in Favour of the big company offering lower percentage to the player. Who will stay? Ganguly wanted to move out..

Globo sport happened with Sania hitting big. Yuvraj singh got some one out of Percept... to manage him. "Why should I pay 10-20%, if I can manage at five or less..." Now Dhoni...

So if you hire an MBA, probably there is a chance that he will start his own management company for celeb?!! So better have an ex-cricketer as in-between to take care of the current cricketers. They gel each other, and he also does not have high capability to branch out!

What is your next move.. since the IPL has started?

The boutique agencies will have problem with geographical dispersion as IPL is spread far and wide. I pitched for four cities Delhi, Jaipur, Mohali, Kolkata..

IPL was completely packaged.... It was close and shut affair... no transparency. All the stakeholders were completely involved... All teams cannot be auction for around the same 350 crores? Can they? You could see openness in player auction, not in the team auction....there was nothing

Same thing was about Common Wealth games... 2-5% is the margin, we were told..

I was told, "We wanted to hire the company in Melbourne... SWAM (now they pay to them at 23%)... so many are obviously involved... Met Kalmadi. He offered Pune youth games' Who will come to endorse at 40 Crore? When they can get reasonable mileage in 2-3 crore?

If I want a cricketer to endorse, I want Sachin and Dhoni. IPL is a highly viewed tournament. Manish Pandey, Ravinder Jadeja...All have seen them playing a couple of big innings. In IPL

they are getting good salaries and they do not want to get 5-10 lakhs that will bring so much of liabilities... appearing for endorsements..

I thought I will work with an IPL team. KKR happened. But SRK said he will meet only at night... these meetings used to go on, but not much emerged. It was like a job. Jai Mehta told me, "Why are you wasting time, SRK wants people around him to listen to him. Nothing more." I moved out.

Working style between marketers and players...

There is no transparency in IPL. Nothing is open. Sehwag was a Pepsi player.. COKE paid Delhi Daredevils. Coke pasted him all over the country... Sehwag cannot move from DD, Pepsi dropped him...

In golf, the manager will plan the entire calendar. In cricket BCCI does it. Only the free time is taken care of by us....

Advent of Indian Economy, brand management...

More brands, more opportunities of branding. Do we really sit and watch advertisements on television. The ad just happens and you are glued...

Bollywood creates glamour and others are glued, hence bollywood sells

How do we really grab attention is the key.. Today, Sania Nehwal by her performance may be salable, the affiliation with fashion may help a person like Rohit Baal (linen club), Atul Kasbekar (outlander) to sell...

Initial Challenges

Depending more on the success of the people we have signed. Firm has revenue, positive cash flow. Has certain success to talk about. It is a risky business. It entirely depends on their success...

If you are not a Ranji player you cannot be a commentator.

Before you could sell one, he may fail... how do you handle the uncertainties?

If anything happens to a player, physically, the contract is over...

In any area some of them get an aura. Shah Rukh in movies, Similarly in Cricket, star is made over a period of time. Sehwag – fast and exciting, grounded and easy to talk to. So are Sachin and Dhoni. That is the minimum. Only by performance you become star. You need to build on your performance...

Situation in India Vs Abroad

A sports manager manages everything, training, travel, tournament playing, legal contract. Say they have 10 golfers. The regulatory, travel etc is taken care of due to scale. All earnings from all the stars are counted as earnings of the company..

In India, it is individual relationship oriented..... It is an iffy model. It is difficult go beyond a point....

Only barrier to entry is knowing a big star. You are fine until you have the backing of the star all the way. Number of agents is not a barrier..

Many stars want exclusivity. That is the reason most want personalized...

Did you have to go through breach or betrayal? How do you build the brand.?

Many...many...

When you work for the stars, and they excel, then your brand may gain reputation due to the services you provide. You may not really work on creating a brand for yourself.... Over the time it may or may not create a brand.

KKR... SRK was the only value driver... All cost are fixed.

Retaining a player?

We need to bind the player into lasting contracts... cricketers are reluctant to sign. They do not want to go to the court, unlike a shooter who may have all the time and money !

How do you value a player?

It is not a sensex. It is a negotiation.

Guarantee?

If it is the value, you give it.. ..If someone plays for three years without injury and without being dropped, then you will get value... a six month of not being there, renewing may not happen..

Value?

Say if a player is signed for 210 crores, over 3 years..

70 crores a year, So 14 companies at 5 crores each....

You have to get 15 at 5 or 12 at 6 to make your margins

It also depends on the bouquet of people you have signed, as costs can be easily spread..

My commission was say 20%... If I do not gain 210 crores, say I get only 200 crores, I will shell out 10Crores from my 20% margin to build the relationship..

In developed economy an agency handles many sports....

Other sports and endorsers?

When you think of Hero Honda, Pepsi, Coke etc.. all of them have built a brand around cricket... they are closely connected..

Hockey – castrol put so much but did not renew it. KPS Gill did not even call Castrol guys inside his office when they came visiting... Castrol pulled out. Imagine you are investing and people do not see the value you bring in. Where is the money in other sport? If we have money, there will be people...

Challenges as a women entrepreneur

Family support needs to be good, if you feel it is worthwhile to do what you want to do. For women, being a mother is the most wonderful thing and major thing. If you have support system for bringing up the children, great! Or create it and jump into realizing your dream.

How relevant is education to entrepreneurship

Education is the greatest investment. IIM did help. I have instant connect with so many in the corporate world, as most of them have similar backgrounds. A few of them are even my friends. Education gives ability to present, understand, how to reach out. It provides thinking, analytical and presentation skills..

Do we have a possibility to work with you?

Very little! We are a very lean company. It is not a volume business. It is only that many deals who will sign....

It is all about creating imagination... We work on him or her to find the right opportunities.. It is about striking when iron is hot.. You have to be sure that whatever you are committing, will happen... It is a very personalized thing..

Why have you not signed golfers?

They are international brands...they travel widely. Who will sign a golfer? Only those who sell that sort of equipment that he is used to all over the world, say callaway.. He is better off signing with an international talent management like IMG to market across the world for such a brand

It is all about the universe I can address.. fewer followers... fewer players...

Motor sport... JK Tyre and Maruti follow.. and they can tell more than we know...I cannot market Karthikayan better than JK Tyre doing directly with him..

Batsmen and Bowler... endorsements?

Bowlers are injured easily, they lose tempo... compared to batsman.

Every bollywood star lives for an advertisement... huge sum for very little work...

Tiger wood fiasco and Accenture? Can there be contracts binding the players to payback on such mis-conducts?

When they are rising and shining, you make money. So when they fall why will they pay.

Vishwanathan Anand has been an enigma, endorsement wise. He endorses only one brand though for more than a decade he has been a world champion?

In the endorsement business it has nothing to do with world champion or respectable human being. It is all about showbiz. If you have connect with the common man on the street and he can relate to you. You have endorsements and money.. Tiger woods was highly salable in British open even after all the hungama..