

SURANA & SURANA INTERNATIONAL ATTORNEYS: BUSINESS OPPORTUNITY OR CONSCIOUS BUSINESS PHILOSOPHY?

Gaganpreet Singh, Sanjit K. Roy, Neeraj Pandey, Sanjeev Sahni wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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At noon on March 12, 2023, Sanjay Mehta, the head of business development at Surana & Surana International Attorneys (S&S), dialed the personal secretary of Vinod Surana, chief executive officer (CEO) and partner at S&S, seeking to meet with Surana as soon as possible. Established in 1971, S&S was a full-service law firm headquartered in South India, providing multispecialty legal services such as litigation and those related to corporate law, intellectual property (IP) rights, real estate and infrastructure, defence law, regulatory investigation advisory services, taxation, and family business. Mehta wanted to meet with Surana personally to share exciting news about the mammoth business opportunity that had arisen for S&S. The world leader in the alcohol business had sought S&S's legal services for its expansion into the Indian market.

Mehta had every reason to want to share the happy moment with Surana; looking at the profile of the client, the potential revenue enhancement opportunity for S&S was ₹30 million.¹ Although Surana shared Mehta's joy, recalling the path S&S had travelled over the last decade, Surana showed a bit of initial resistance, as the client was in the business of alcohol, which was considered to be outside the ethical values and business philosophy of S&S. Over the last 50 years, as the pioneer of legal service providers, S&S had declined several opportunities with clients in the businesses of meat, tobacco, alcohol, and gambling (M-TAG). Emphasizing the changing business environment, including increased competition, Mehta tried hard to convince Surana to close the deal; however, the company's deep-rooted business philosophy of avoiding M-TAG businesses was restricting Surana from moving ahead.

Mehta requested Surana to convey his answer about this opportunity before Mehta was to meet virtually with the CEO of the alcohol business a fortnight later. Surana had the daunting challenge of deciding whether to say yes to this exceptional business opportunity that would widen the business scope of S&S for future growth, or to say no and instead stick to the tradition of carefully selecting only those business opportunities that conformed to the ethical position and business philosophy of S&S. Surana had to assess the decision from all the perspectives—namely, those of S&S's corporate identity, business philosophy, and potential expansion to North India when his two sons would join S&S after completing their formal legal education. Surana wondered if the change in business strategy would generate sufficient advantage to justify the added complexity.

¹ ₹ = INR = Indian rupee. US\$1 = ₹82.7284 on January 1, 2023.

ABOUT S&S

In 1971, after completing his formal training, P.S. Surana started a law practice under the name P.S. Surana and Co. – Advocates (P.S. Surana and Co.), specializing in civil and commercial matters. In its initial years, P.S. Surana and Co. represented the business community in several complex litigations, representing builders, traders, financiers, landlords, and tenants. Apart from professional successes, P.S. Surana held many leadership positions in social institutions such as Jaycees International, Lions Club International, Rajasthan Association, Punjab Association, and others. In 1981, Leelavathi Surana, a civil and commercial litigation specialist and the wife of P.S. Surana, joined P.S. Surana and Co. The law firm was then registered and rebranded as Surana & Surana. S&S was the first family (husband–wife) partnership in law practice in South India. In a short time, S&S became a top law firm in India and the most sought-after law firm in South India based on parameters such as competence, quick response, integrity, and practicality.

In 1987, S&S got its first major international breakthrough when the firm was called upon to represent an Indian exporter in court in Italy. As luck would have it, the English-speaking judge in the Italian court called “the lawyer from India” to present the case—for which the opposite side’s counsel had no objection. P.S. Surana presented the case in simple language in less than 10 minutes. The court was satisfied and ordered that immediate relief be awarded to S&S’s client; ₹70 million in foreign exchange was immediately received. This case made big news in professional and industry circles. A steady flow of corporate work from outside Chennai, India, as well as international assignments involving the enforcement of contracts, recovery of dues, and filing of IP overseas began to pour in. In 1988, S&S was called upon to represent another Indian exporter in California. This client also received quick relief from the court. In 1995, some of the most prominent foreign investors in South India, such as Hyundai Motor India Limited (Hyundai Motor India), General Motors Acceptance Corporation, and Mitsui Group, engaged S&S in several of their legal compliances and came out of the interactions with great satisfaction. Over the years, the relationship with these firms evolved, allowing S&S to become the “go-to” firm in South India for the automobile sector.

In 1997, Vinod Surana joined S&S after completing his Master of Laws degree from Cornell University in the United States. In 1998, a grateful Hyundai Motor Company sent its entire Indian board of directors to deliver the country’s first Hyundai Santro car to the founders of S&S for their exceptional commitment to legal compliance. During the same time, S&S started a separate division focusing on IP practice, and consolidated all its IP work under the IP head, who was not a member of the Surana family. S&S was ranked among India’s top 10 law firms by the prestigious *Legal Business* magazine produced in London. In another instance, as a mark of appreciation for S&S’s high-quality legal work and adequate commercial and practical inputs, the first Hyundai Accent car manufactured in India was gifted to the founders of S&S by the international group chairman of Hyundai Motor India.

In 2000, the Government of Tamil Nadu engaged S&S to conduct the legal project management for TIDEL Park, the largest software park in India. This assignment gave S&S excellent visibility in the then sunrise information technology (IT) industry and attracted many national and multinational IT companies to engage the services of S&S. Seeing the response from the market, the firm started a dedicated corporate law practice and consolidated all corporate law–related work under a (non–family member) practice head. In 2004, S&S became the first law firm in the world to achieve International Organization for Standardization (ISO) 14000 and SA8000 certification, and it remains the first and only ISO 9000–certified law firm in the world.

In 2011, due to the years of practical work done by Vinod Surana in fostering the Indian government’s trade relations in South America, the then vice president of Uruguay, along with his top cabinet colleagues and a 60-member trade delegation, visited Chennai as guests of S&S. This was perhaps the first time in the history of India that a visiting head of state was hosted by a private individual/family and not the government. This episode significantly increased the prestige of S&S in both the public and private sectors.

Similarly, in 2013, the former president of Argentina and a 62-member delegation was hosted by S&S and acknowledged the impressive work done by S&S in fostering trade relations between India and Argentina.

In 2018, P.S. Surana and Vinod Surana were featured by LexisNexis in its book, *100 Legal Luminaries of India*. During the same time, the then Defence Minister of India, Nirmala Sitharaman, appreciated S&S's efforts in conceptualizing, advocating, and establishing India's first defence manufacturing corridor in Tamil Nadu. To date, S&S had a very successful defence law practice.

In addition to its legal work, since 1995, S&S had been administering, sponsoring, and hosting an average of 12 Moot court competitions per year, in partnership with India's leading law schools. This became the largest Moot court project in the world and drew deep appreciation from the bar, the bench, academia, and society in general. Even during the pandemic years (2020–2021), S&S continued to organize Moot courts (albeit online).

THE EVOLUTION OF S&S AS A CONSCIOUS LAW FIRM

Since joining S&S as CEO and partner, Vinod Surana firmly believed in building a law firm whose values transcended the traditional business philosophy. Specifically, he wanted his law firm to be inclusive, with solid foundations in purpose, stakeholder management, leadership style, and conscious culture. He firmly believed that firms today needed a new paradigm because “business as usual” was not working anymore. Explaining clients' perceptions of most of the law firms in South India, Surana mentioned that public distrust of law firms was at a historic high; many employees, customers, and other stakeholders were disengaged from the firms with which they interacted. Therefore, he wanted to ensure a visible difference in S&S's positioning, specifically regarding existential motive and purpose when clients interacted with S&S for legal services. Beyond financial wealth, Surana aimed to ensure that S&S created societal wealth, including more engaged and fulfilled employees, loyal and trusting customers, and a thriving and environmentally healthy community. Surana firmly believed in rooting S&S's purpose within the human values of employees/teams and the well-being of entire stakeholder ecosystems. Surana was elated to see the evolution of S&S as a conscious law firm with a distinct business philosophy acting as a core tenant of S&S's existence.

THE BUSINESS PHILOSOPHY

In 2005, S&S adopted a business philosophy that focused on being socially and morally responsible for society's balanced and well-rounded development. As part of this belief, S&S has since refrained from providing legal services to clients involved in the production, processing, or sale of M-TAG services. Specifically, the leadership at S&S believed that the meat industry involved large-scale violence against living creatures and was widely acknowledged by the United Nations and various governments as being one of the most polluting industries, in which not only were animals slaughtered on a large scale but human rights were also widely abused. Slaughterhouses destroyed the environment and the habitats where they were situated. Similarly, Surana believed that alcohol and tobacco were addiction-forming, intellect-numbing substances that (in India) significantly contributed to the increase in domestic violence, poverty, and crime. Likewise, gambling was a habit-forming and wealth-destroying social ill that contributed to the downfall of thousands of individuals and families in India.

S&S's “no M-TAG” philosophy has been praised and highlighted by many social leaders, environmental activists, and leaders from different religions in both national and global forums. For instance, the noted environmentalist and author Muzafar Hussain appreciated this unique policy of S&S and discussed its implications in the context of saving the environment. He mentioned that not supporting a highly polluting activity provided immense support for the cause of environment and human rights protection.

In addition, Acharya Vijaya Ratna Sundar Suri—an awardee of the Padma Bhushan, the third-highest civilian award in India—appreciated S&S’s philosophy, noting, “When such a policy was practiced by people in an organization of such high standing, an example is set for the public at large to place ‘principles before profits’ and to do whatever is possible to reduce cruelty, environment pollution, [and] addiction to mind-numbing substances.”

THE IMPLEMENTATION OF THE “NO M-TAG” PHILOSOPHY

In 2007, S&S first implemented the “no M-TAG” policy. Following this, several lucrative opportunities from the M-TAG industry knocked on the door of S&S; however, they were declined. Surana shared some of these opportunities:

In 2007, a prominent and existing client approached S&S to facilitate and complete the legal compliances for setting up a large tobacco facility-cum-warehouse in Andhra Pradesh, India, in partnership with a Japanese company. With an intent to let go of the opportunity but not explicitly let go of the client, S&S intentionally quoted three times its regular fees for the assignment, assuming it would discourage the client and [prompt them to] look for another law firm for services. Surprisingly, the client chose to stick to S&S’s services and paid the amount without any reluctance. S&S was left with no alternative and completed the assignment. S&S found an option to stick to its philosophy by donating the entire amount to charity.

In another instance, S&S was approached by a multinational liquor brand to represent it and to protect its vast IP portfolio in India. The firm politely refused the work, citing its “no M-TAG” policy. Surana mentioned that the client was quite surprised that, in this competitive age, a law firm was willing to give up prestigious and profitable work for a philosophy that is relatively uncommon in the legal landscape of India. Further, in 2018, S&S refused a large and lucrative assignment to represent a liquor company in its restructuring proceedings before the court.

THE CORPORATE IDENTITY OF S&S

The “no M-TAG” philosophy enabled S&S to build a unique corporate identity in South India. Specifically, it ensured S&S’s purpose of existence to be perceived as something that transcends profit maximization and shareholder returns. Since its inception, Surana adhered to the notion that society was the ultimate stakeholder, and S&S’s intent to advance the well-being of society as a whole was positively perceived by its customers. Surana cited some recent interactions with S&S employees, in which he was surprised to see that the majority were motivated by a genuine desire to help solve significant societal problems in partnership with governments and clients, while respecting the limits of the legal framework. The employees were trained to treat the environment as a crucial stakeholder when drafting all legal advice, holistically considering the environmental impact, if any. At S&S, Surana taught the culture of offering commercially sound, practically implementable, and legally correct services, which would ultimately bring good results. Profit was seen as the natural outcome of appropriate legal assistance. Surana believed that when a firm prioritizes its objectives in profit-maximizing terms, it forces all stakeholders, in turn, to seek to maximize their profits by giving as little as possible and taking as much as possible. The performance of the system rapidly deteriorates, and profits soon evaporate.

This socially and morally responsible approach to the holistic development of society and ensuring the best legal services for its clients gave S&S a unique identity and competitive advantage among law firms in South India.

SURANA’S LEADERSHIP STYLE

Driven mainly by service to the firm’s purpose rather than power or money, Surana led S&S by mentoring, motivating, developing, and inspiring people—not through command, control, or “carrot and stick”

incentives. Unlike the structure of traditional law firms, the learner management structure at S&S enabled Surana to create, develop, and lead a firm in which the right people were assigned to the right jobs and given significant autonomy. Most employees operated in the value zone, where they actively created real value for customers rather than managing each other. S&S was, as a firm, largely self-organizing, self-motivating, and self-managing. This culture enabled S&S to operate in a position of very high trust among all stakeholders; thus, their legal costs were much lower than the norm. This also empowered them to understand their customers deeply and offer outstanding service.

THE ANNUAL REVIEW MEETING: 2022–2023

On the evening of March 15, 2023, Surana met with the finance head to review the performance of S&S. The results were satisfactory, but revenues had dipped in the last two financial years—a trend that signalled the need to alter the business strategy. While deliberating the reasons for this decrease, several possibilities emerged, including increased market competition, the pandemic, and lost opportunities due to clients' desired legal services being related, whether directly or indirectly, to M-TAG industries. The statistic that caught Surana's attention was that S&S had refused legal services to 30 clients in the last 3 years, with an approximate revenue loss of ₹37.8 million. Surana's thoughts turned immediately to the meeting he had had that same morning with the head of business development at S&S, in which they had discussed the mammoth business opportunity from the world leader in the alcohol business. As Surana was driving home, he called his wife to discuss the business that S&S had foregone due to its "no M-TAG" philosophy. They decided to have the discussion again next week, when Dev Kartik and Keerti, their two sons, would be back from law school for a short break.

THE WAY FORWARD

A week later, over the dinner table, Dev Kartik and Keerti expressed their willingness to join S&S and to gather experience before proceeding with their higher education. Their intent to expand S&S's legal services to North India was also discussed, as both were completing their formal legal education at a premier law school in North India. With a lot of untapped potential in the North Indian market, Surana was eager for this expansion and was hopeful that S&S could successfully leverage the brand name it had established in South India. Surana also discussed the revenue loss that S&S incurred for diligently adhering to the "no M-TAG" philosophy, along with the recent business opportunity that knocked on S&S's door.

P.S. Surana, Dev Kartik, and Keerti were all quick to share Surana's opinion that the opportunity should be passed by in favour of sticking to the "no M-TAG" business philosophy. They agreed that adhering to same business philosophy, even when expanding to North India, would give them distinct positioning. However, a market consultant specializing in the North Indian market recommended that S&S consider changing its business philosophy to better allow the company to seize new opportunities. He made this recommendation more convincing by proposing that broadening the business philosophy in North India would enable S&S to recover the loss of ₹37.8 million from the South Indian market. The market consultant was convinced that, if S&S broadened its business philosophy, it could generate ₹15 million in revenue per year from conducting business in North India, with a growth potential of 7 per cent per year. He believed that restricting S&S's clients could hamper Surana's ambition to provide legal service in North India. With the next meeting with the potential client being in 10 days, Surana asked the market consultant to share more specific details about how long it would take them to offset the loss of ₹37.8 million if they entered North Indian market with a broadened business philosophy. The plan to follow distinct business philosophies in the two different geographies—North and South India—was also discussed. The varying opinions caused Surana to leave the dinner table further perplexed.

Gaganpreet Singh is Professor at OP Jindal Global University, Sanjit K Roy is Professor at Edith Cowan University, Neeraj Pandey is Professor at Indian Institute of Management Mumbai, Sanjeev Sahni is Professor at OP Jindal Global University