

FLUSHING MEADOWS: A JOURNEY OF RESILIENCE AND REINVENTION

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INTRODUCTION

Picture a rainy afternoon in the bustling streets of the city. With a mind swirling with thoughts, Rajiv Behl steps into his car after a meeting with the Board of Directors. The atmosphere is heavy with contemplation as he gazes at the blurred faces and congested streets passing by. Today's meeting had been intense, the fate of Suvidha Construction Company hanging precariously in the balance. Yet, amidst the uncertainty, there was a glimmer of determination in Rajiv's eyes.

Rajiv and his partners, Ajay Gupta and Ashank Rai, had yet to foresee the real estate market's tumultuous turn. Once thriving, it posed challenges that tested the very foundation of their dreams. The once-promising investments in large real estate properties now cast shadows of doubt on their future. As the clock ticked, Rajiv found himself standing at a crossroads, tasked with charting a new course for Suvidha Construction Company.

There was urgency in the air, a sense of impending decision-making that fueled Rajiv's resolve. With the weight of the company's future resting heavily on his shoulders, he wasted no time. As the rain drummed against the windows, Rajiv dove headfirst into the task, determined to navigate the storm and emerge more vital than ever.

India Unfettered: A Tale of Economic Liberation

After years of suffocating under restrictive economic policies, India stood on the precipice of bankruptcy, prompting the Narasimha Rao Government to initiate a radical shift. With the stroke of a pen, the shackles binding the Indian economy were loosened, setting the stage for a remarkable transformation.

The winds of change breathed new life into the Indian economic landscape, paving the way for pioneering companies like Infosys, Wipro, and Reliance to rise as global titans. With reformed policies and relaxed regulations, India embarked on a journey of globalization, beckoning investors from far and wide.

Among the throng of investors were Non-Resident Indians (NRIs), who had amassed fortunes abroad and sought to sow the seeds of prosperity in their homeland. Having reaped success in exports, trading, and Information Technology in Southeast Asian countries, they gaze towards India in search of the next lucrative opportunity.

Meanwhile, once tainted by scandal, the stock markets began to regain lost ground. 1995 marked a turning point, with Foreign Institutional Investments (FIIs) surging and market capitalization soaring. With surplus funds, local investors sought avenues beyond the stock markets, driving a frenzy for high-return investments.

As bullish sentiments pervaded the economy, attention turned to the property markets. The influx of returning NRIs (Non-Resident Indians) fueled a surge in real estate demand,

particularly in popular IT hubs nationwide. The wheels of progress were set in motion, propelling India towards newfound economic freedom and prosperity (Table 1).

District number	Name of the city	Data of 2011			Percentage Decadal Growth Rate of Population		Sex Ratio (Number of Females per 1000 Males)		Population Density per sq. Km.	
		Total number of persons	Males	Females	1991-2001	2001-2011	2001	2011	2001	2011
25	Pune	94,26,959	49,36,362	4,49,059	30.,7	30.3	919	910	462	603

Source: censusindia.gov.in

Amidst economic resurgence, even the once-embattled stock markets began to witness steady, albeit cautious, growth. 1995 marked a pivotal moment, a resurgence following the infamous Harshad Mehta Scandal. Foreign Institutional Investments (FIIs) flowed abundantly, catapulting market capitalization to unprecedented heights.

With burgeoning coffers, local investors found themselves at a crossroads. As bullish sentiments gripped the stock markets, savvy investors sought to capitalize on their gains, venturing beyond traditional avenues in search of higher returns. It was the natural ebb and flow of a thriving market, where the allure of profit beckoned towards new horizons.

In the grand symphony of economic cycles, the bullish phase typically commences in the stock markets before cascading into property investments. True to form, this period witnessed a palpable shift in investment preferences. As the stock markets flourished, attention turned towards the burgeoning real estate sector.

Returning non-resident Indians (NRIs), drawn back to their homeland by the siren call of opportunity, added fuel to the fire. Their influx sparked a frenzy in popular IT destinations across India, propelling the real estate market to unprecedented heights.

In this whirlwind of economic resurgence, the wheels of progress turned inexorably forward, painting a picture of hope and prosperity for India's future.

From Educational Hub to emerging Tech City

Pune, located in the state of Maharashtra, India is known for its pleasant climate, was famous as a pensioner's paradise for people in Mumbai, who wanted to escape the big city's hustle-bustle and retire to quiet, peaceful lives not too far away from where they had spent much of their lives working. Pune was also famous for having large automotive corporations such as Tata Motors, Mercedes Benz and Bajaj Auto Ltd, running large-scale operations. Furthermore, with engineering, medical and law schools, Pune had earned itself the title of the "*Oxford of the East.*"

With substantial positives on its side, during the 1990s, NRIs and local investors saw Pune as a favourable destination for real estate investment. The IT community was growing exponentially, and Pune, along with Bangalore, was being touted as India's "*Silicon City*" of India.

Besides, Pune was considered a safe city for women and children and reasonable living costs. Pune was one of the major pulls for young IT professionals choosing Pune over other cities in India to move.

Meanwhile, anticipating Pune city's future growth, Maharashtra declared 36 fringe villages around Pune as a part of the Pune Municipal Corporation (PMC). Maharashtra further proposed that a Draft Development Plan for Pune be made a metro.

They were preparing the plan to be entrusted to lead planners from the country. The government also declared Hinjewadi as a Software Technology Zone to lure the tech community and NRIs to the city.

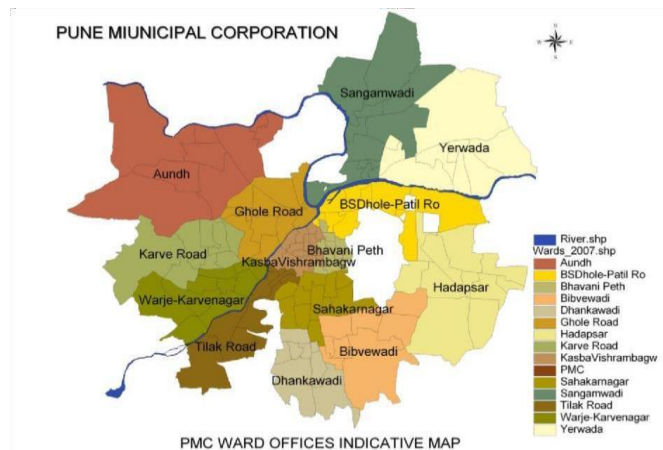


Figure 1:
PUNE MUNICIPAL CORPORATION-AREA

According to the 2011 census, Pune district's population comprised 8.39% of Maharashtra's population. Pune district is in Maharashtra, India. It's the third largest contributor to Maharashtra's economy, behind Thane and Mumbai.

SUVIDHA CONSTRUCTION COMPANY

Company Background

With the sudden boom in Pune's real estate market and a proactive government, three childhood friends decided to start Suvidha Construction Company Pvt. Ltd. sometime in the middle of 1995. With property prices doubling yearly, massive urbanization being undertaken by the government, and the development of the IT industry in the city, they saw a lucrative opportunity to get into the construction business (Table 2).

Year	Area(Km2)
1857	7.74
1889	9.86
1890	18.04

1931	18.79
1935	19.05
1958	138.9
1975	138.05
1981	146.95
1985	145.92
1997	368.69(after inclusion of 36 fringe villages)

Source: PMC Pune Regional Plan report

Three Entrepreneurs

It was not only the real estate boom and a lucrative opportunity that got the three friends together; their skills and talent, which complimented each other, made them a great team. Ajay Gupta and Ashank Rai were already familiar with the construction industry, had successfully completed many projects, and were currently developing a large township consisting of 0.9 million sq. ft. of constructed area in one of the best localities of Pune.

Rajiv Behl was a thorough Marketing and Sales professional who successfully ran a chain store in Pune besides being in the Vending Business.

So while Ajay and Ashank could get the requisite permissions from Government agencies and also had a tremendous grasp and knowledge of the industry's technical aspects, Rajiv brought his marketing, finance, and HR skills to the table. Together, they had a large circle of friends in the NRI segment, which they could capitalize on to sell their property when the time was right.

Considering all these factors, the three directors, who had been good childhood friends, decided to get together and form Suvidha.

Flushing Meadows

When the Government of Maharashtra announced merging the fringe village with the Pune district, Ajay, Ashank, and Rajiv sensed the opportunity. It began looking for land in these fringe villages, where the prices were meager comparatively.

Three Entrepreneurs: A Triumphant Trio

It wasn't just the promise of a real estate boom that brought Ajay Gupta, Ashank Rai, and Rajiv Behl together; their unique blend of skills and talents made them an unstoppable force. With each bringing their expertise, they formed a formidable team poised for success.

Ajay Gupta and Ashank Rai were seasoned veterans in the construction industry. They had successfully navigated numerous projects, including developing a sprawling township spanning 0.9 million square feet in one of Pune's prime locations. Their technical prowess and extensive experience made them invaluable assets to the team.

On the other hand, Rajiv Behl brought a wealth of expertise in marketing, sales, finance, and human resources. With a successful track record running a chain store in Pune and a thriving vending business, Rajiv's strategic acumen perfectly complemented his partners' technical know-how (PMC Guidelines).

But it wasn't just their talents that set them apart; their collective network and camaraderie truly set the stage for their success. With a wide circle of friends, particularly in the NRI segment, they had a ready pool of potential investors and buyers waiting in the wings.

Fueled by their shared vision and mutual trust, the three childhood friends embarked on their entrepreneurial journey, founding Suvidha Construction Company Pvt. Ltd. Their partnership was forged in friendship and fueled by ambition, ready to conquer new horizons.

FLUSHING MEADOWS

When the Government of Maharashtra announced plans to merge fringe villages with the Pune district, Ajay, Ashank, and Rajiv saw an opportunity too good to pass up. With land prices in these fringe areas significantly lower than in established urban centers, they could have spent more time seizing the opportunity.

Driven by their entrepreneurial spirit and keen business acumen, the trio began to scout for land in these burgeoning fringe villages. With their sights set on untapped potential and a hunger for success, they laid the groundwork for what would soon become successful 9 (Figure 2).

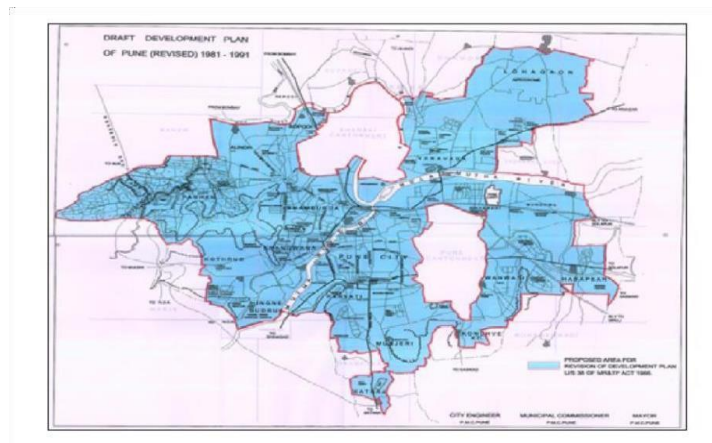


Figure 2

THE FOCUSED AREA FOR THE CURRENT REVISION OF 1987 SANCTIONED DP

Expecting the price to double in next 12 months based on the historical data (see table below), they acquired 72 acres of land in one of the fringe villages at a meager price to market the project to the NRI's and local investors as an exclusive residential property named Flushing Meadows. During that time, most NRIs typically booked a building of about 54,000 sq. ft. either as a future investment option or for residential purposes.

Anticipating a lucrative opportunity on the horizon, Ajay, Ashank, and Rajiv wasted no time in capitalizing on the fringe village market's potential. Armed with historical data pointing towards doubling land prices within the next 12 months, they seized the moment and acquired a staggering 72 acres of land at a meager price.

Their vision? To transform this vast expanse into a prestigious residential enclave that would capture the imaginations of local investors and Non-Resident Indians (NRIs) alike. Thus,

Flushing Meadows was born—a beacon of exclusivity and luxury nestled amidst the tranquil landscapes of the fringe village (Pmc Pune Regional Plan Report).

Understanding the preferences of their target demographic, the trio envisioned Flushing Meadows as an oasis of opulence, offering spacious residences that epitomized modern living. With most NRIs seeking properties in the range of 54,000 square feet for either investment or residential purposes, Ajay, Ashank, and Rajiv were poised to cater to their discerning tastes.

With meticulous planning and unwavering determination, they embarked on a journey to bring their vision to life. Flushing Meadows wasn't just a real estate project—it was a testament to their collective vision and entrepreneurial spirit, poised to redefine luxury living in Pune and beyond (Table 3).

Locality	1994-95	1995-96
Koregaon Park	Rs.1, 800/sq. Ft.	Rs.3, 500/sq. Ft.
Wanwadi	Rs. 800/sq. ft.	Rs.1, 900/sq. Ft.
Aundh	Rs. 800/sq. ft.	Rs.1, 800/sq. Ft.

Change in Fortunes: A Tale of Resilience and Challenge

As the sun set on the promising year of 1996, Suvidha Construction Company was riding high on a wave of optimism and success. The future seemed bright, With most of Flushing Meadows' proposed construction already sold to eager NRIs and investors. However, fate had other plans.

The dawn of 1997 brought unforeseen challenges that would test the resolve of Rajiv, Ajay, and Ashank like never before. The Central Government's decision to abolish the Urban Land Ceiling Act sparked a domino effect, flooding the market with surplus land in prime localities. Pune's once- thriving IT sector began to lose its luster, plagued by poor infrastructure, erratic power and water supply, and a volatile political landscape.

But the worst was yet to come. In July 1997, a financial crisis gripped the Southeast Asian countries, decimating the net worth of countless NRIs who had invested heavily in Pune's burgeoning projects. The subsequent global stock market crash exacerbated the situation, leaving investors and builders suffering staggering losses.

To make matters worse, legal troubles loomed on the horizon. A local NGO filed a petition alleging encroachment on vital water bodies, casting a shadow of uncertainty over Suvidha Construction's land holdings. The prospect of a lengthy court battle loomed, threatening to drain the company's dwindling resources (Read et al., 2016).

Amidst the chaos, conflicting advice from lawyers and partners added to Rajiv's mounting stress. While legal counsel assured a favorable outcome in court, Ajay and Ashank advocated for an out-of- court settlement despite the hefty price tag attached.

As the pressure mounted, Rajiv received a sobering call from the company's bankers, demanding immediate payment of overdue interest. It felt as though his once-sturdy ship was now teetering on the brink of sinking.

Caught in the throes of adversity, Rajiv grappled with the weight of uncertainty, his resolve tested like never before. Yet, amidst the turmoil, a glimmer of hope flickered—a testament to the resilience and determination that had brought Suvidha Construction Company to prominence in the first place.

Amidst this economic meltdown, real estate prices plummeted, leaving Suvidha Construction Company and its clients in dire straits. Harried investors clamored for adjustments to their property sizes, forcing the company to adapt to survive. With resources dwindling and options narrowing, Rajiv, Ajay, and Ashank found themselves at a crossroads.

TEACHING NOTE

This Teaching Note is divided into three sections.

The objective is:

- To expose them to the Theory of Effectuation by Saras Saraswati
- Case is to expose students to a quick decision-making process when one is inundated with too much information.

Section 1

It would be ideal if the participants read about the Theory of Effectuation (2001) by Saras Saraswathy. The book is available on Amazon or Google Books.

To begin with, make the students discover the crux of the case. Then, ask them to list down all the problems SCC faced. Then, ask them what the controllable factors are. And what are the issues and problems faced by SCC that are within the control of Rajiv, and what are not? They will learn how to cut the clutter. And focus only on the controllable only.

Then Encourage the students to brainstorm as many ideas as possible and consider the possible outcomes for their chosen alternative. Then, circulate what actually happened.

What Really Happened Section 2 (to be circulated to the students)

After thorough deliberation, Rajiv Behl, entrusted with marketing responsibilities by his partners, took decisive action to address key challenges and seize opportunities:

1. **Strategic Partnerships:** Rajiv negotiated with financial institutions HDFC and LIC to streamline loan processes for potential buyers. HDFC and LIC issued a unique docket number for the project, Flushing Meadows, facilitating loan approvals for defense officers without requiring extensive documentation.
2. **Targeted Marketing:** Rajiv identified the preferences of defense personnel by building relationships with Col. Patil and other army officers. He discovered their preference for living near military facilities and concerns about cash transactions and loan accessibility. Rajiv tailored a marketing strategy exclusively for army officers, addressing their needs and concerns.
3. **Innovative Marketing Techniques:** Rajiv leveraged his understanding of the target market to devise innovative marketing techniques. He targeted army officers' wives through tombola gatherings at the RSI club, offering them a chance to visit the project site and learn about the exclusive benefits. Rajiv ensured transparency by accepting only check payments and token booking amounts, building trust with potential buyers.
4. **Strategic Alliances:** Rajiv engaged influential figures like Gen. HM Khanna and Col. Patil to endorse the

project, enhancing its credibility among defense circles. These endorsements and Rajiv's targeted marketing efforts bolstered confidence among potential buyers.

5. **Refined Sales Strategy:** Rajiv adopted a phased construction approach, beginning construction only after 60% of the building was booked. He allocated specific housing units based on military ranks, ensuring exclusivity for army officers and their families.
6. **Reward Scheme:** Rajiv implemented a referral scheme targeted at housewives, incentivizing them to recommend potential buyers. This scheme increased customer engagement and expanded the project's reach through word-of-mouth marketing.
7. **Nationwide Promotion:** Rajiv trained retired army officers to promote Flushing Meadows across various military stations nationwide. This strategic initiative helped reach a wider audience of potential buyers within the defense community.
8. **Successful Sales and Completion:** Despite economic challenges, Rajiv's strategic decisions and entrepreneurial acumen led to the successful sale of all 880 apartments within 18 months. The project was completed and handed over to customers within 36 months, marking a remarkable achievement in the face of a recession.

Overall, Rajiv's strategic decisions and entrepreneurial acumen played a pivotal role in the success of the Flushing Meadows project, demonstrating the effectiveness of targeted marketing, strategic alliances, and innovative sales techniques in real estate ventures.

Section 3 to be completed in 90 minutes

You may like to discuss the concept of Effectuation and then ask the students to see where it was applied and what principles of Effectual logic were applied to Rajiv's actions. For example, Rajiv took decisive action by isolating the two-acre piece under litigation and requested his partner, Ajay, to pursue the necessary title and sanction from the PMC.

1. Which principle has been employed of the five elements of effectual thinking? The logic of Bird In Hand. Expert Entrepreneurs look for whom they know, what they know, and what they can do.
2. He has also used the principle of "affordable loss." He is better off being without the 3 acres today than being with the three acres because tomorrow is too uncertain for plans. Like this, you will find several examples in section

REFERENCE

1. censusindia.gov.in
2. Pmc Pune Regional Plan Report: Revision Of Development Plan Sanctioned In 1987 As Per Mr & Tp 1966 Section 38 Strategic Environmental Assessment Scoping Report
3. PMC Guidelines: Draft Supplementary Development Control Regulations For The Area Newly Merged In Pune Municipal Corporation
4. Read, S., Sarasvathy, S., Dew, N., & Wiltbank, R. (2016). *Effectual entrepreneurship*. Routledge.

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