

## Business

[Home](#) » [Business](#)

# State's Asian Indians thrive in entrepreneurial society

## Immigrant group uses drive, degrees to achieve prosperity

By Rick Romell of the Journal Sentinel

Posted: Feb. 7, 2010 |  (9) COMMENTS

 [enlarge photo](#)



T.R. Rao

[more photos](#)



Kaushik Patel's introduction to entrepreneurship was no picnic.

It was 1998 and the economy was booming, but Patel had lost his job as a computer engineer in the Chicago area. Now he was in tiny Sibley, Iowa, cleaning rooms at a Super 8.

That was hard for a college-educated professional to swallow, the town was near "nowhere in the world" and the motel was running in the red. But it was his, and he believed that if he stuck with it he and his family would be rewarded.

They were.

Today Patel has not one hotel but five, including three in Wisconsin - one in Eau Claire, two in Plymouth - and no regrets about abandoning his high-tech field.

"If I would have been in computer engineering I know I would be not (as) happy as I am," he said.

A lot of Indian-Americans throughout Wisconsin and across the country know the feeling. Immigrants from India have excelled as entrepreneurs, running everything from corner gas stations to a disproportionate share of Silicon Valley start-ups.

Nationally, a recent study found, Indian immigrant business owners average 60% more income than U.S. business owners generally, and earn more than entrepreneurs from any other immigrant group.

In Wisconsin, payroll at Indian-owned firms, compared with the number of Indians who live here, far exceeds that of any other Asian ethnic group, and of Hispanic and black-owned businesses.

Wisconsin's ethnic Indians have developed a good share of the homes built in Brookfield over the last 25 years, grown a nationwide network of computer stores and established a market research firm with offices from Wauwatosa to Singapore.

They own companies involved in metallurgical testing and information technology, chains of convenience stores and filling stations and a rising number of the state's hotels and motels.

"It's like a plant that gets Miracle-Gro," scholar Vivek Wadhwa said. "Take people who have learned to struggle and grow in India and put them in an entrepreneurial society like America and they thrive."

But it's more than capacity for struggle. Most immigrants arguably possess that or they wouldn't have had the determination to leave their homelands. Indians, though, may be more fluent in English than other immigrants when they arrive.

More important, their overall level of education is sky high.

## The role of education

In Wisconsin, for example, the last census found that 74% of ethnic Indians 25 or older held at least a bachelor's degree. The comparable number for state residents as a whole: 22%.

Education, said Kailas Rao, one of Wisconsin's earlier Indian entrepreneurs, helps in business by embedding not just knowledge but methods for applying it.

"Give a question to a person with a high school education, college education, PhD, master's, you get different answers because their way of thinking is different," Rao said.

Rao (doctorate degree from the University of Oklahoma), who founded and sold first a chain of computer stores and then a wireless communications business, is a former university professor.

So is Vincent Kuttemperoor (master's, University of Detroit), whose developments in Brookfield alone encompass more than 500 single-family homes, plus apartment buildings, condominiums and office complexes.

So is T.R. Rao (doctorate, Michigan State University), who fully didn't embrace business ownership until he was in his 50s and who now directs a research firm, Market Probe Inc., with a staff of 350 spread across the globe.

Some Indian entrepreneurs, most notably those from the western state of Gujarat, an economic dynamo and birthplace of literally thousands of U.S. hotel and motel owners, seem as if they're born to business.

"Business comes to them like eating, like brushing your teeth," T.R. Rao said.

That wasn't him. His relatives are priests, bureaucrats, physicians and professors. They were surprised when Rao - no relation to Kailas - moved from academia into business.

"But I just became an American in my thinking," he said.

Besides advanced education, Rao said, many Indians in business benefit from a persistent attitude. "It's like an insurance agent, that you need persistence to be successful," he said.

Richard Van Grinsven saw that when he was a banker writing loans for Indian convenience-store owners.

"Individuals I was working with would put in 16, 18, 20 hours a day," he said. ". . . That's all they did." And his clients were well educated too, Van Grinsven said.

"There was only maybe a handful that didn't have the college education sitting in their lap," he said.

If higher education helps when running a convenience store, it's all but essential in launching a tech firm. Between 1995 and 2005, while Indians made up 0.6% of the U.S. population, they were key founders of 15.5% of Silicon Valley start-ups, according to Wadhwa, who holds positions both at Duke University and the University of California, Berkeley.

Across the U.S., he found, they started more engineering and technology companies than immigrants from China, Taiwan, Japan and the United Kingdom combined.

"Indians are the single most educated immigrant group in United States history," Wadhwa said.

Longtime area entrepreneur Jitu Shah (bachelor's, Youngstown State University), drew a distinction between Indians who immigrated in the '60s and '70s and those who have come since.

Shah, owner of metallurgical testing firm APL Inc. in Milwaukee and co-owner of Utility Tool & Trailer Inc. in Clintonville, said the older group tends to be more educated.

All the same, there are people like Rupesh Agrawal. He came from India in the '90s, graduated from the Milwaukee School of Engineering and started a business in his mid 20s. Zeon Solutions Inc. had two employees then - Agrawal and his wife, Smita.

Today, Agrawal is 32, and his Web site and software development firm employs 30 people in Milwaukee and 200 worldwide. Sales last year totaled \$7 million - up 55% from 2008 - and Inc. magazine ranked Zeon 103rd among the nation's fastest-growing companies.

"When Indians come all the way from India, they're not satisfied with just the regular life or lifestyle," Agrawal said, "and what that leads to is more ambition."

And that doesn't always lead to entrepreneurial glory.

Darshan Dhaliwal's early success as a gas-station magnate has given way to financial reorganization in bankruptcy court for his company, Bulk Petroleum, and the threat of personal bankruptcy.

Yogesh Shah has been in federal prison since 2001 after being convicted of fraud in connection with his home-building business, 1043 Development Corp., of Bayside.

In 2000, Sanjiv C. and Rajiv C. Shah - relatives of Yogesh - were charged with defrauding banks that dealt with their Glendale firm, Midwest Mortgage Finance LLC. The brothers fled authorities, and the federal case against them remains open.

## Successful track record

Overall, though, the track record nationally and in Wisconsin has been one of success.

The Atlanta-based Asian American Hotel Owners Association says its members own about 40% of all hotel rooms in the U.S. The vast majority of those members are ethnic Indians who share the same last name, Patel. Their roots are in Gujarat, where "Patel" is sort of like "Smith."

Gujaratis were represented heavily among the tens of thousands of Asians forced to leave Uganda by dictator Idi Amin in 1972, and some eventually migrated to the U.S. and bought small roadside motels. With rising gasoline prices suppressing travel, the properties were relatively cheap.

The Gujaratis typically lived on site, economized by using family labor and turned the motels into profitable businesses. Then they bootstrapped their way into more, and better, properties as other Gujarati immigrants followed their example.

"Gujaratis by nature are extremely family oriented," Milwaukee-area hotel owner Bobby Dhir said. "So as they settled here, they invited more of their kin to the United States and then they had them also move into the family business."

Wisconsin doesn't have anywhere near the concentration of Indian hotels and motels other parts of the country do, but a look at a South Asian business directory shows at least a few dozen Patels in the business here.

There are also exceptions - Dhir and Bharat Shah among them. Dhir (master's, Rutgers) is the rare Indian-American hotelier who isn't from Gujarat. He was born in New Dehli.

Armed with an electrical engineering degree, he came to the U.S. in 1970 to go to graduate school, later worked as an engineer in North Carolina and then moved to Wisconsin and a Kohler Co. job. He and his wife, Anita, bought their first hotel in 1982 and since have owned several. They now own three Milwaukee-area properties totaling nearly 400 rooms.

"It was kind of natural for us," Dhir said.

Shah (doctorate, Utah State University) exemplifies how many Gujaratis have worked their way into franchise brands and upscale hotels. Shah immigrated to the U.S. in 1964, earned master's and doctorate degrees here and joined Nabisco as a chemist. He bought his first hotel, the 90-room Winkler Motor Inn in Winston-Salem, N.C., in 1979.

It did well, and he bought a few other economy hotels - a niche Indians have long dominated. But it was Shah's son, Mit, fresh out of college, who had the mind and stomach for the big deal.

Taking charge of what father and son had named the Noble Investment Group, Mit began amassing a portfolio that now includes 43 hotels with 8,500 rooms under such brands as W, Marriott and Hyatt. No more Econo Lodges. No more Days Inns.

Among the more recent acquisitions was the 2007 purchase of a 481-room downtown hotel more than 600 miles from the company's Atlanta headquarters. Noble paid nearly \$44 million, and then spent another \$19 million on a major renovation.

You may know the place. It's the Hyatt Regency Milwaukee.