



GREATER MEMPHIS CHAMBER
INTERNATIONAL BUSINESS COUNCIL

2010 India Fest India and Memphis

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India

- ▶ Opportunities
- ▶ Challenges



Introduction

Universal Scaffolding & Equipment, LLC

- **Global outsourced manufacturer, specializing in:**
 - **agricultural machinery parts**
 - **concrete construction products**
 - **industrial/petrochemical access products**
 - **municipal utility products**

Background

- **Founded in 1984 to serve as a “manufacturers rep”**
- **Began outsourcing to South America in 1986**
- **Increased import duties and taxes in 1988 resulted in the need to find alternative countries for low cost factories:**
 - **China**
 - **India**
 - **Korea**
 - **Japan**

Global Outsourcing Process



India - a 40,000 Foot View

INDIA



- Bus. Language - English
- Judicial System based on British Law
- World Class IT/Eng. and Management Schools
- Bus. Culture – problem solvers
- Technologically savvy
- Work smarter than hard

INDIA



- Population – 1.15 billion*
- Pop. Growth Rate – 1.6%
- Ranked #4 in GDP
- “Back Office of the World”
- Largest Democratic Govt.
- Business is based on the opportunity of the moment
- Large group of well educated, inexpensive technicians and engineers

Systematic Approach for Low Cost Sourcing

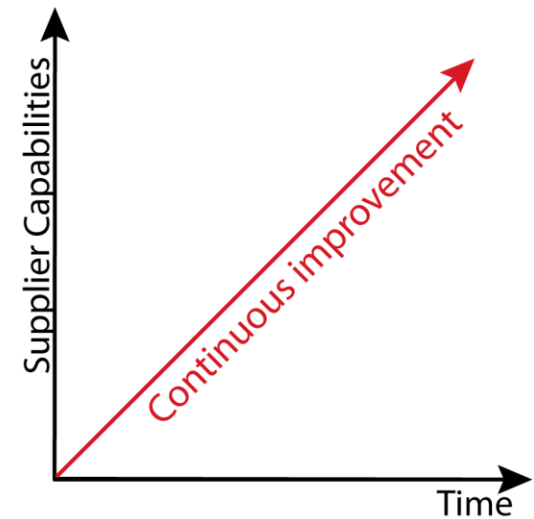
1. Select right commodities

2. Find capable suppliers

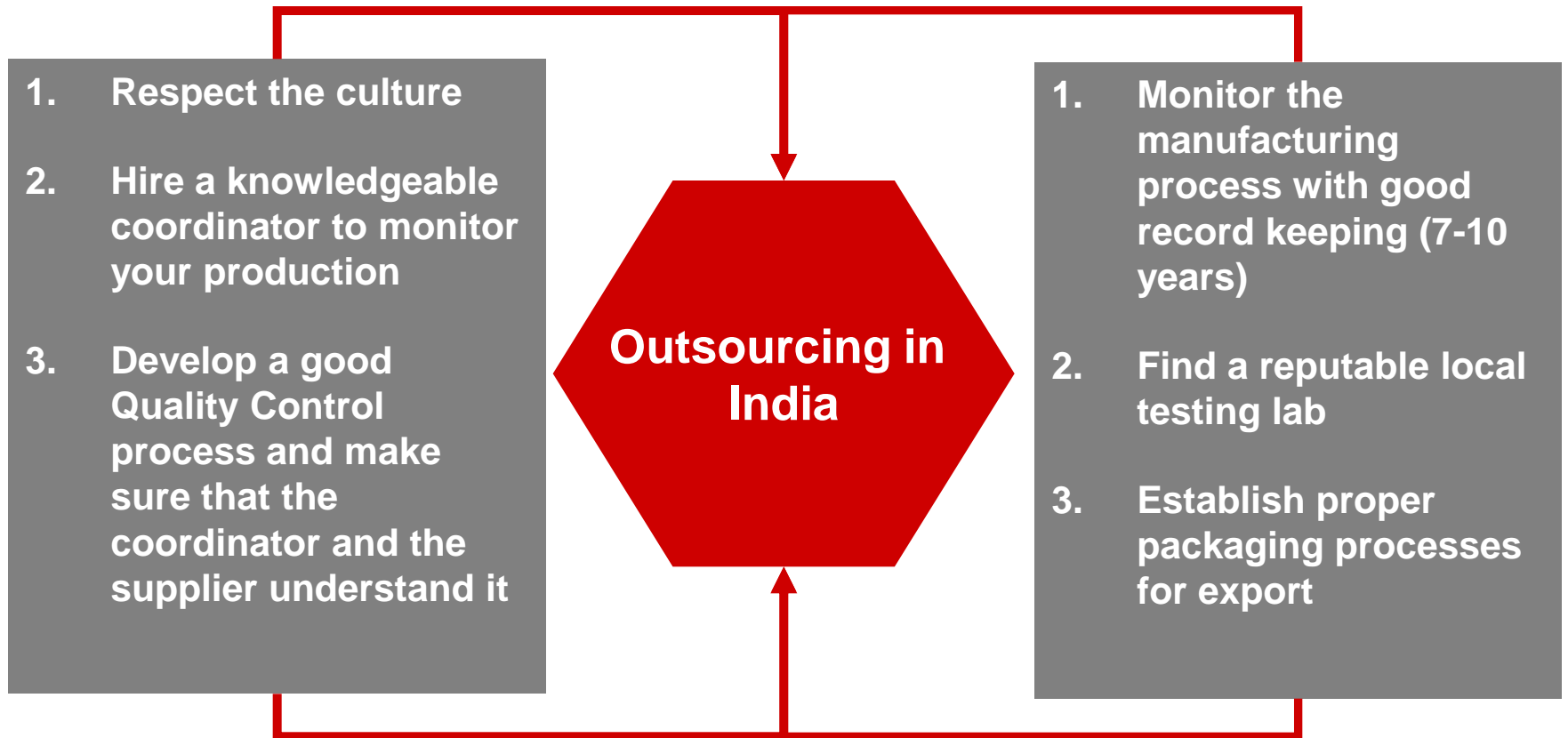
3. Develop supply base



Development

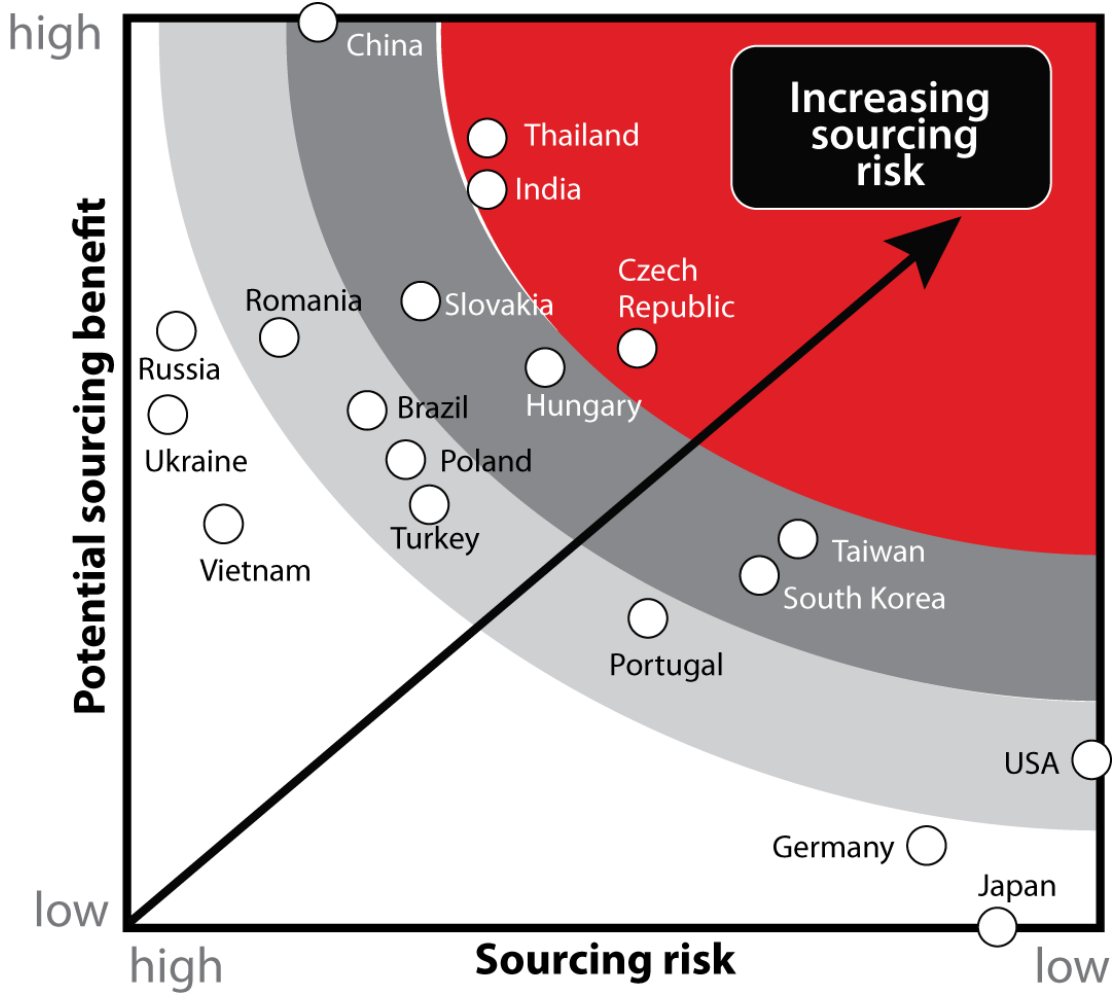


Success Factors



Labor costs are rising at rates of 10-20%

Supply Market Attractiveness



Important

- Target market selection depending on willingness to take risk
- Market attractiveness commodity-specific
- Focus on few markets necessary to keep project manageable

Source: Roland Berger Research

20 Years of Experience...

- **If you are not there, you will not get what you asked for**
 - **Any money saved by not visiting regularly will be lost in missed delivery dates or labor paid to repair or rework products**
 - **Must personally and physically confirm samples of product or service match production**

20 Years of Experience...

- **An Indian businessman or businesswoman will never tell you they cannot make something or provide a service**
 - **Due diligence, due diligence, due diligence**
 - **Qualify your partners or vendors**

20 Years of Experience...

- **There WILL BE problems**
 - **Budget and plan for missed deadlines and/or late deliveries**
 - **Never accept a request for “cooperation”**

20 Years of Experience...

- **Relationships are the key to success**
 - **Build and nurture relationships**
 - **Honesty and integrity**
 - **Think long term and continuously push your partner or vendor to think long term**

Challenges

- **It is not possible for one person to be an “expert” on doing business in India.**
- **It is impossible for a single person to know everything with certainty.**
- **India is so vast, things are changing very quickly.**
- **Consider this information to be only a small glimpse of what is possible and contains only suggestions, hints and thoughts.**
- **You must check, recheck and check again in relation to your own particular goals and your own particular situation.**
- **Hire an experienced consultant, but take his/her comments with a grain of salt.**
- **Avail yourself of his experience but do not abandon your own responsibilities.**
- **You must determine your own plan of action as you penetrate these markets.**
- **Use your own intuition: If something feels right, it probably is; if something feels wrong -- reconsider everything.**

Final Thoughts

- **Capitalize on opportunities in India**
 - **Don't let your customer take away your business to somewhere else, take your customer's business there.**