

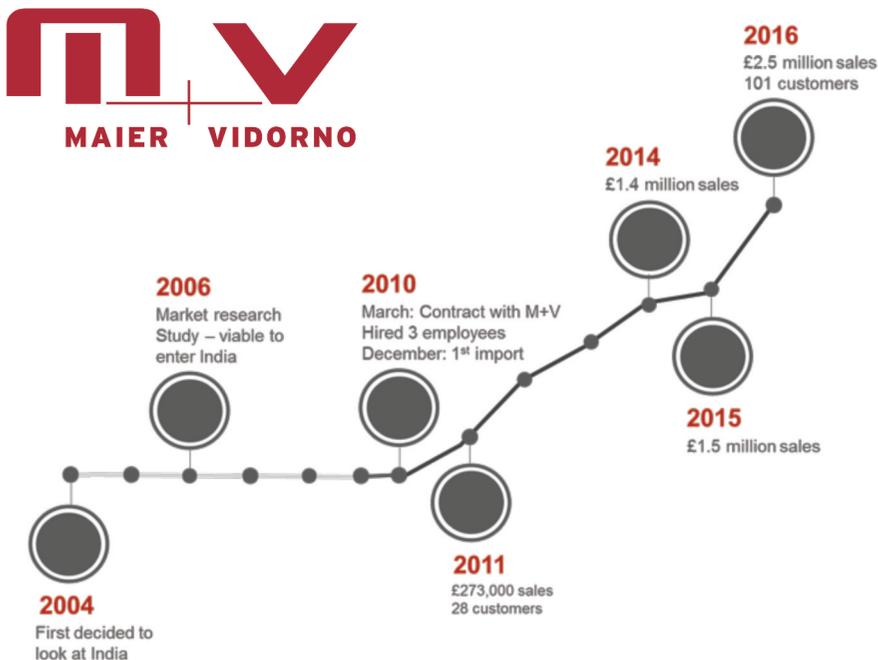


CASE STUDY

Growth story of a leading UK plastic components manufacturer

It is essential to keep growing and that is what bought this UK based large plastic components manufacturer to the attractive fast growing emerging market of India. Established over 150 years ago, with an employee base of 1000+ worldwide, product range of over 35,000 items and global presence, this company has a well-known brand image in Europe and the USA. In the mid 2000's they realised the sales potential in these existing markets was stagnating, they had to look into new potential markets to see new growth.

In this case study we will show you how this plastic components manufacturer went from no business in India to £2.5 million worth in five years;



India was already in a boom phase at the time and many other potential markets looked unstable or had low growth prospects so they decided to look at India. With no knowledge of the market for their products, they turned to M+V – an expert on India – for a market research study in 2006. With in-depth knowledge across industries, M+V conducted in-depth interviews and extensive secondary research in the plastics market in India and the evidence showed that India was a worthwhile market for them to invest in. M+V helped them define their product range for this new territory and develop a pricing strategy that would be suitable for India.

M+V also helped them define their customer base (OEMs, resellers, end users), and to weigh their business model options. From the study it was evident that direct sales or sales through a distribution partner in India would not be successful and to be successful the company needed to have a dedicated Indian sales team.

However, a Wholly Owned Subsidiary (Private Limited) would not break-even in the first few years and would require not only investment in administration and operations but also a steep learning curve to find the right people and set up immediately. This was worrisome for the Investors who wanted to focus on sales and developing their footprint in the market and not get diverted by operational matters and Indian bureaucracy.

M+V's main interest is to safeguard the money of the investor and has developed practical business solutions for foreign companies coming to India's markets. M+V's Business Incubator allows new market entrants to focus on business development, brand building and building up market shares without having to immediately incorporate an Indian subsidiary and deal with bureaucracy – or to rely on distributors.

This Business Incubator was tailor-made for the needs of the plastics manufacturer. With this solution, they had a low-risk, cost-effective and simple way to recruit and guide a dedicated sales team for their business development in India until the right time to incorporate their own Wholly Owned Subsidiary. In 2010 the company signed contacts with M+V for the Business Incubator, to recruited three Sales Managers for the company and for M+V's Sales Order Management solution – so that M+V would manage all back-office operations from payroll and accounting to the complete imports, order management, invoicing & logistics of the products. The company could therefore focus on sales.

The team of three Regional Sales Managers were recruited based on the business potential for their products and organized regionally - North, West and South. These managers were dedicated to the sales of this company and travelled within their regions for 10-12 days per month developing their region's markets with regular reviews

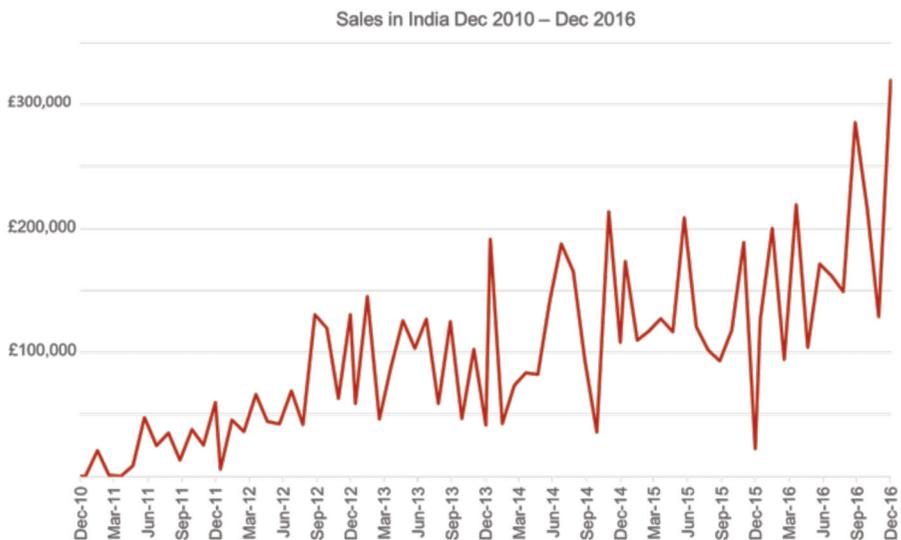


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and healthy competition between the regions. In this way, they were able to create brand awareness and make the products available in India; without the inconvenience of incorporating an Indian subsidiary or any other bureaucracy.

Their first product shipment was imported into India within nine months and they experienced steady growth over the next five years. They grew their customer base in India over 2.5 times from 28 customers in 2011 to 101 customers in 2016.

As they were able to completely focus their energy only on building the market, they quickly identified that over 70% of their customers were OEMs who were responsible for most of the business, while end users and resellers did not contribute much to their sales value. With regionally focused dedicated sales managers, and access to all the sales data from M+V's SAP module, they were able to determine that almost half of their sales value came from the West region and this helped them boost their North and South regions with training and to better strategise their future sales plans.



Growing at a CAGR (compound annual growth rate) of 43%, their total sales in India went from £273,000 in 2011 to £2.5 million in 2016. M+V's advice to go ahead with a dedicated local team for business development proved valid; while direct sales from UK during the period grew at a CAGR of only 26%, sales through M+V Sales Order Management solution grew at a CAGR of 45%. With use of the M+V Business Incubator solution, they were able to gain market share and brand presence without incurring expenses of a local entity or the risk of bureaucracy and M+V's Sales Order Management solution helped them make their products available in India efficiently and with a fully-fledged set up that would have otherwise taken years to develop.

After five years of increasing sales and seeing the continued market potential, the company was now ready to establish their own subsidiary in India. In 2016, M+V registered a Private Limited company for them and also helped them recruit the right people to expand their team to eight employees. From day one the Indian subsidiary has been paying for itself because the products already have a developed place in the market.

They plan to further build up their own team in 2-3 years, but right now are focused on consolidating growth and markets.

Good administration keeps you in control of your business, and having experienced M+V's business solutions first-hand the company continues to view M+V as a trusted advisor and service provider. They still use M+V's Accounting solution and Sales Order Management solution. This helps their team to continue to focus entirely on business development.

This plastic components giant now plans to introduce more products in the Indian market that will allow their product basket to be complete as customers still purchase some products (accessories) from the competition. They are well established with OEMs in India and now plan to shift more focus towards increasing sales from resellers and win Government contracts. This move will help them take over the competition market share and reach their target of £5 million sales by 2019.

To know more about how M+V's pragmatic tailored solutions can help grow your business in India, contact us!



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