

India



Sourcing Newsletter

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The advantages of sourcing from India: this is why these fortune 500 companies are already doing it

The Indian, family-owned Roots Group of Companies has been engineering and manufacturing components for some of the biggest brands in the world, such as Bosch, Harley Davidson, Volkswagen, Skoda, GE and Philips, for more than 30 years. Why do these high-class brands prefer to source from a local,

Indian company over producing their own parts? The answer is simple, says the founder and chairman of the group, Mr. K. Ramasamy. "We deliver quality products at a competitive prices."

Ramasamy founded Roots in the 70's with the aim to improve the car horn. "In India we really like to use our horns, so they need to be robust and reliable, which they weren't at the time", says the chairman. "Developing a horn that meets the high and strict standards of the automobile industry takes time, so in the meantime I decided to branch out. We started manufacturing radiator coolant recovery systems for car engines and power brakes."

Ramasamy - not only the founder, but also the head engineer of the company - is the kind of person that spots opportunities and trends before anyone else does. His idea of designing a better and more reliable car horn might have seemed unnecessary to most people, but when he released his alternative in the market 12 years later, all the major car companies in India wanted to get their hands on them.

And that attracted international interest. "I always wanted to work with the German company Bosch, because they are known for their quality products. When we became the biggest car horn company in India, we caught their eye and managed to set up a collaboration. Now 80 percent of their supply is sourced with us", explains Ramasamy. "After Bosch, companies such as Volkswagen, Skoda, Toyota and Harley Davidson followed suit, because we are not just a supplier of components, but we supply our customers with a solution to the problem they have. Our aim is to deliver service and be a strategic partner at a competitive price, that combination is hard to find".

According to Ruediger Schroeder, the vice-president of Maier and Vidorno in India, Roots is a perfect example of the high-quality components and service that can be sourced in India. "India is one of the largest manufacturer of cars, Two-Wheelers, Tractors and pharmaceuticals and has a major food processing sector. It is also specialising in aerospace and the defence sector. All these industries need high-quality components, which means there are tons of suppliers around that deliver these components of international standards. Whatever you are looking for, it is available in India. You just need to identify the right partner with the right experience to make sure you can fully take advantage of the advanced knowledge and experience India has to offer."

Meanwhile Roots has branched out even further, engineering and manufacturing components for clients in the construction sector, aerospace industry and the medical field. "In 2007 we were attending a lot of exhibitions, looking for options to enter the medical sector, which is a tough sector to get started in because of all the regulations", says Ramasamy. "That's how we got in contact with the Swedish branch of GE healthcare, which at the time was sourcing components for their life science equipment from 48 different companies around the world. So we decided to give it a go and develop the entire product for

them. To their surprise, we could meet their quality and delivery expectations more cost-effectively. Roots is now GE's sole supplier for those parts. Not only for GE healthcare Sweden but also for US and Indian requirements.

Tips on how to start sourcing in India

According to Ruediger Schroeder and Deepmala Datta, Market Expansion Consultant at Maier+Vidorno, there are quality options available for any company that is looking to source in India. "But the key is to enlist the help of a local partner that can identify that perfect supplier for you", says Deepmala. "India is a really big market and if you don't know where to look, you can easily end up selecting the wrong one."

"You need to understand in which cluster they have the most expertise in your sector or specific product", explains Schroeder. "For international companies, with little experience in India, it is hard to get that good overview of the market to be able to identify the cluster that is right for you. That's why a local consultant plays such an important role in this process, they can not only do the research for you, but also pre-select the right suppliers based on essential criteria such as experience and expertise.

"The mistake we see many companies make is selecting the first supplier they come across without doing the necessary due diligence or adequate testing. Finding a high-quality supplier like Roots takes time, because you need to give them the opportunity to study your product or component and develop it", Deepmala says. "That process will definitely take 6 months or more and having a local representative that can take care of the follow ups, do side visits, and take over time consuming processes will result in the high-quality solution your company is looking for."

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