

ISSUE 12

April 2019



**CUSTOMER  
ACUMEN**

**INSIGHTS TO BUILD  
CLIENTS FOR LIFE**



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**EDITORIAL**



Dear Reader,

Globalization made the world more connected and closer. With this, companies expanded their reach to more customers like never before. However, amid the many benefits that came with this phenomenon, challenges also cropped up. Not only delivering quality products & services to a global clientele base became a priority, but over time it became important to ensure repeat business while sustaining a lasting customer relationship.

**Customer Acumen**, this quarter, takes a look at the **Challenges of Building Global Relationships**. We feature nuggets of knowledge from **Jay** on the crucial elements that are involved in creating a long-lasting relationship with your global customers. **Viren Joshi**, CEO and President, Sigma Electric Manufacturing Corporation, shares his views on the challenges of maintaining customer relationships in the engineering world.

We reviewed **Scott Galloway's** book, **The Four**, which briefs readers on how four global brand names - Facebook, Google, Apple and Amazon - not only managed to capture a wallet share of the business but how they still manage to sustain their customer relationships. In-house Cartoonist, **Vikram Nandwani** tickles your funny bone and shows you how to handle your global customers!



We hope you enjoy reading this issue and look forward to your feedback and comments on how we can serve you better.



MUSINGS



## Building Enduring Global Relationships

- Jay

Global trade is an old game. Strange as it may seem, it truly is. Whether it was the Mediterranean, Phoenician, Indian, Arab or Chinese traders who set sail with their local goods and sought riches in return, the quest for novel items from overseas was led by explorers who ventured boldly and took multiple risks. Leave aside the physical risk of travel and facing furies of nature, the need to establish a relationship with total strangers (speaking an alien language) must have been a seemingly impossible task. Yet, trade continued and even flourished between cultures, kingdoms and different people.

What is it that makes such international trade and business feasible? Well, while the physical dangers have been largely eliminated and the rules of international trade are well-governed by global conventions, the challenge of finding the right sources (for a buyer) and right consumer (for a seller) is never-ending. That's what makes the marketplace an interesting environment - where the dynamics are fluctuating due to multiple factors. In the midst of all this is the quest for stable business partnership for both parties, buyers and sellers.

I daresay that finding customers from across the world is not too difficult in today's world. Not that it is easy. But there are enough web-based market places (both general and specialized in nature) that exist with the sole purpose of bringing two parties together. The approach having been made, it is now that the real challenge begins, that of establishing the genuineness of both sides. Easy access to the marketplace has also created a cluster of fake players who would do everything to gyp the gullible. One answer to this issue is to use third parties to ensure quality, do background checks, stand guarantee, assure

payment, etc. While effective, this is not a sustainable or cost-efficient method. The sustainable method is to build a durable bridge of relationship.

Let us examine a few crucial elements that are involved in creating this bond.

The first is credibility. Establishing yourself as a serious player requires you to deliver your commitments. Easy as this seems, in a world where all of us are dependent on others for fulfilling our actions (be it other suppliers, financiers, partners, etc.), we remain vulnerable. Consequently, the need to be vigilant at all times cannot be overstated. This takes the form of detailed planning and having contingency plans ready enables us to implement service recovery measures as soon as it becomes necessary. Also, the underpinning for credibility is quality, be it product or service. If this ground is shaky, then the house of credibility cannot be built.

Having established your credibility as a supplier or manufacturer, the other major task today is innovation. In a world where nothing is unique for long - and copycats thrive with minor tweaks and offering products at a lower price - you need to be ready with newer options quickly. In fact, if you lack a pipeline of new products then you are exposing yourself as an easy mark to competition. Seeking customer loyalty is a futile exercise if you do not recognize that loyalty is created and sustained by your ability to meet unsaid or latent needs (and even by creating new needs) in the customer.

Finally, the third key element is your ability to offer greater value in each phase of your business transaction. Consider how well your personnel comprehend that it is incumbent on them to always keep their relationship antenna sharp and alive to opportunities for contribution. Be it knowledge sharing, helping to develop skills at the customer end or partnering them in their CSR activities, I would suggest that being a partner to them means that you are willing to explore extra-mural avenues as well. In a world of change, we underestimate that customers too seek stability and if we do not give them a major reason to look elsewhere, they will stay with us. Change happens when the disappointment with the present is compelling enough to overcome the inertia of present effort. So, be persuasive enough to keep the inertia high in your customers not to look elsewhere!

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## SPOTLIGHT



### Viren Joshi

CEO and President,  
Sigma Electric Manufacturing Corporation



*Viren Joshi has over 35 years of experience in leading large engineering MNCs in India, Asia, MEA and Europe. Presently the CEO & President of Sigma Electric, he was also instrumental in setting up Parker Hannifin operations in India and South Asia, and in over 15 years led it to a leadership position in the fluid power market.*

*Viren has wide experience in growing new businesses from start-ups and managing rapid growth and performance at large engineering MNCs. He has rich experience in M&A and is a keen practitioner of concepts like Lean Enterprise, Profitable Growth Strategy, Policy deployment, Balance Score Card and Talent Development.*

*He has received a National Award from The President of India for a paper on Alternate Sources of Energy. Viren has also attended global programs on Leadership, Change Management, Balanced Score Card, Talent Development and Mergers & Acquisitions.*

*At present, he is the Chairman of CII (Pune Zone). He was Chairman of CII, Fluid Power division.*

**CA: What are the challenges of building global customer relationships in the engineering sector?**

**VJ:** Building global customer relationships is a slow and gradual process and may take several years to fructify. The first challenge often is getting the customer to even consider a new supplier. European and Japanese customers are particularly demanding and follow a rigorous process to qualify new suppliers. The approval process starts with getting supplier status approval, which generally involves a thorough audit evaluation of the manufacturing plants. The customer audit team provides feedback regarding areas of non-compliance and the supplier is expected to take corrective actions before getting the supplier approved status. We have experienced cases where the customer indicates a lot of interest; yet the process of getting an entry stretches from 2-5 years!!

Once approved, the supplier is expected to meet demanding timelines for quotations and technical responses of the offer. It takes time for a customer to gain confidence in a new supplier. It is through an exhaustive rigorous process of detailed interactions and personal meetings that the customer begins to appreciate the capabilities of the supplier and develop the trust needed to build a successful relationship.

Suppliers must recognise the need for continuing to build upon the relationship with the customer. Understanding the importance of meeting all commitments - technical responses, meeting order execution with respect to timing and quality, is of supreme importance. Nothing can replace the need to perform on time and meeting quality norms day in and day out. But as relationships and business grows, a supplier can often become a sole global supplier or be a supplier with a major share of the business. This status adds to the importance of continuously maintaining high performance standards.

We have had the pleasure of witnessing first hand cases where a customer gradually builds up a business relationship, monitoring and course correcting till it reaches their expected performance metrics particularly on deliveries and quality. Once the customer gained confidence in our capability as a supplier following a period of strong sustained performance, we were able to attain a "preferred supplier" or even better a "strategic partner" status. At this point, we could witness a change in the size and scope of projects awarded. These can be massive and transformational in size and importance. This leads to another challenge of transforming the organisation to rapidly scale up to new levels.

**CA: In your opinion, how has connecting with customers changed with digital transformation in your business?**

**VJ:** Digital transformation has led to an enhanced and faster connect with global customers. Data transfer is instantaneous leading to customers expecting quick turnaround of responses.

Digitalisation on the shop floor has driven the pace of manufacturing to new heights of efficiency and accuracy, leading customers to expect that this gets translated into a highly efficient supply chain management.

**CA: A lot is being said about Industry 4.0. Do you think companies will have to change the way they serve customers in this new era?**

**VJ:** Industry 4.0 is set to create a Global Digital Disruption Revolution and huge transformation in the way business is conducted. Global operations will never be the same again! The unique combination of Information Technology, Operational Technology and Engineering Technology will lead to what I call - Future Technology, based on Digitalisation, Big Data analytics, IOT, Cloud based platforms, Automation, Robotics, etc. The manufacturing plants of the future will be an interconnected plant, seamless and super-efficient. People skill-sets will need to change; it will lead the deepest re-tooling in people skills, in order for them to master a new world based on digitalisation and more.

Suppliers will face customers who have embraced Industry 4.0 and expect that now their suppliers should quickly adopt similar standards. The metrics that suppliers will need to execute to will be far more demanding and exacting.

**CA: As a global business leader, what are the challenges you see for the Indian engineering sector in the light of present trade wars?**

**VJ:** I have often said that India has been presented with one of the most exciting opportunities on the global stage. The current trade wars and political challenges has led to a situation wherein, the world has woken up to the need to diversify their supply chain away from China. Thanks to the US, the world, especially American firms, look at China through a different lens. As global MNCs shift their supply chain focus, India is well positioned to take advantage and capture a large slice of this shifting business. The "Make in India" program has given India a strong brand for becoming a viable manufacturing alternative.

The challenge is - can Indian engineering companies rise to take advantage of this opportunity? Indian manufacturers will need to embrace Lean Manufacturing and its key tools like 5S, TPM, TQM, and also adopt People Reskilling, higher innovation through stronger engineering and R&D capabilities, besides a host of other skills.

**CA: What makes your company unique in addressing the pressing challenges while engaging with your global customers?**

**VJ:** Sigma Electric has been a supplier to global customers for over 35 years. 95% of our turnover is exported, primarily to the US, Europe, Middle East and South America. We have 10 world class facilities in India and North America, with intense focus on Lean Manufacturing. Our facilities have received several awards and recognition in India and abroad. We have excellent tool rooms, engineering innovation centers, global certified labs and a SPM manufacturing center. We have built excellent customer relationships over this period and continue to look at ourselves as partners who provide a unique service of product, technical innovation and engineering. Our engineering centers continuously develop new innovative products to add value to the customers' product portfolio.

We have set up an excellent supply chain network to meet customer expectations and our on-time delivery exceeds 97% (and achieved 99.5% in retail markets). We have over 500 engineers and 2,000 apprentice engineers at the shop level, a strength deeply valued by our customers.

This unique combination of resources and skills supported by our company motto "Easy to Do Business With" makes us well positioned to meet and exceed global customer expectations.

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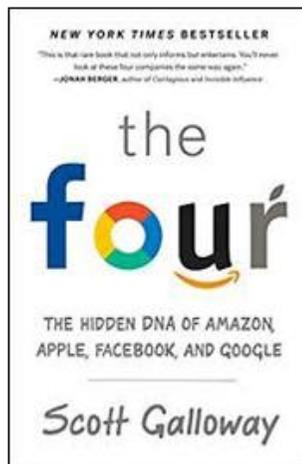


# RESOURCES



## The Four

- Scott Galloway



Scott Galloway's *The Four* is an interesting read that delves into the details of the world's biggest names - Amazon, Apple, Facebook and Google - and how these brands have managed to influence the lives of millions of people globally.

The author ponders over the power that these modern "Gods" have over the marketplace. While these companies have done well in breathing life into the market, it has come at a cost; concerns over privacy, for example, are starting to have a disruptive impact on consumers' lives.

Humorously terming the Four companies as 'horsemen', the first half of the book helps readers understand the choices that ushered in the Four and the value they created in the digital age. Some light has been shed on how the Four horsemen allowed themselves to flourish around the origins of their competitive advantage. The read slowly explores a new model for understanding how these companies exploit its customers' basic instincts for growth and profitability and proves how the Four have been successful in defending their respective wallet shares with analog moats.

Moving through the second half of the book, Scott Galloway examines the 'sins' of the Four horsemen and evaluates the possibility of a fifth horseman - from China's Alibaba to Netflix - which dwarfs Amazon on many metrics. The author also looks

at what professional attributes will help one thrive in the age of the Four and where the horsemen are headed. Scott Galloway is a professor at New York University's Stern School of Business, where he teaches brand strategy and digital marketing. The Four aims at understanding the dynamics that run behind these businesses, the instincts they tap into, and the intersection between technology and stakeholder value.

To say the least, The Four is an interesting read and the author has done a good job in breaking down marketing jargons to explain the strategies used by the Four companies to influence its customers every day. The author drives home the message that the Four companies, over the years, have avoided taxes, continue to invade privacy and destroy jobs to increase profits, only because they can! The concern is not only these firms do this, but that the Four have become so good at it that they are willing to sacrifice our privacy and security for shareholder value!

Overall, a thought-provoking book, but the answer to the question - Are the Four so good at what they do that they are bad for us? - can leave readers thinking twice.

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