

Dyestuff Industry - Competing Globally By Value Addition

Appropriate title should be
'Surviving by Value Addition'



Effect of Globalization

- Story of three molecules
- Indigo
- Jade Green
- Reactive Black 5



Story of three molecules:

- Indigo:
- Agro product used by Indians and marketed world over
- Synthesized by Germans – killed Indian trade
- Chinese mastered technology – killed all others
- What are the rewards for winning the race?



Jade Green (Vat Green 1)

- Discovered by the British
- Very special Jade shade- highly prized discovery
- ICI remained top player for more than 50 years
- India is now the largest producer
- The price has dropped from \$50 to \$20
- Rewards: Three large producers have put the shutters down

Reactive Black 5

- Discovered by Germans
- Probably the most cost effective Black for dyeing cotton
- Indian SSI mastered technology
- Price dropped from \$12 to \$4
- Same pattern: Germans out, Large scale Indians out
- Ahmedabad is now worlds largest producer
- Rewards?

Global Industry

- Textile and Dyestuff Industries:
Truly global industries
 - (1) Almost all nations produce, import and export textiles –They all import Dyestuffs -India and China included
 - (2) Almost all nations have ceased to offer significant protection to local Dyes industry – ‘Fields are Level’
 - (3) Technology to manufacture (and Use) Dyestuffs is no longer an IPR issue

Golden Rule

- ‘The rule of the market economy is that somewhere are the RICHEST HUMAN RESOURCES and the CHEAPEST LABOUR available the business will naturally go there’

----Mayor Xia of Dalian city as quoted by Thomas Friedman in ‘The World is Flat’



Golden Rule and Dyes Industry

- India and China:

In spite of having (arguably) 'Richest Human Resources' and 'Cheapest Labour' more than 70% of the Dyestuffs sold to the end-users world wide carry a Foreign Label.

- Lack of will power / confidence to do:

Vertical and Horizontal Value Addition



Paradigm Shifts

- WHO IS YOUR CUSTOMER?
- WITH WHOM ARE YOU COMPETING?



DyStar



Solution Provider

Required Infrastructure:

- Well equipped Laboratory
- Extensive Database
- Technicians: Qualified, Experienced and Confident
- Efficient Communication Systems



VALUE ADDITION

- VERTICAL VALUE ADDITION:
 - ‘OUTSOURCING’ CUSTOMERS WORK
 - SAVE HIS TIME AND COSTS
- *HORIZONTAL VALUE ADDITION:
 - ‘GIVING COMFORT FEELINGS’



Business = Product + Service

- ‘ Business is essentially the art of making the involved parties FEEL comfortable’

----Shane O’Driscoll, TOI, 4 Jan.’06



Making The Customer Feel Comfortable

- Value Addition by Suppliers
 - * Guarantee: Quality
Delivery
 - * Volume Contracts
 - * Systems to track Customer's inventory
 - * Help to maintain zero inventory
 - * Barters
 - * Database and Information
 - * Arbitrage (Location) factors

Negotiations

- Business Etiquette – Awareness of Customer's culture
- Transparency (Usually this will be in the inverse proportion to your merits)
- 'Win – Win' solutions (your idol would be Shri Karsandas Patel – Every one wins but the Middle Man wins more than the Customer and Manufacturer)

NEW AGE TEXTILE INDUSTRY

- TRULY GLOBAL
- RAPID CHANGES IN FASHION TRENDS
- FUSION OF ETHNIC AND MODERN CULTURES
- TECHNOLOGY: DIGITAL
FAST PRODUCTION
ENVIRO. CONCERNS

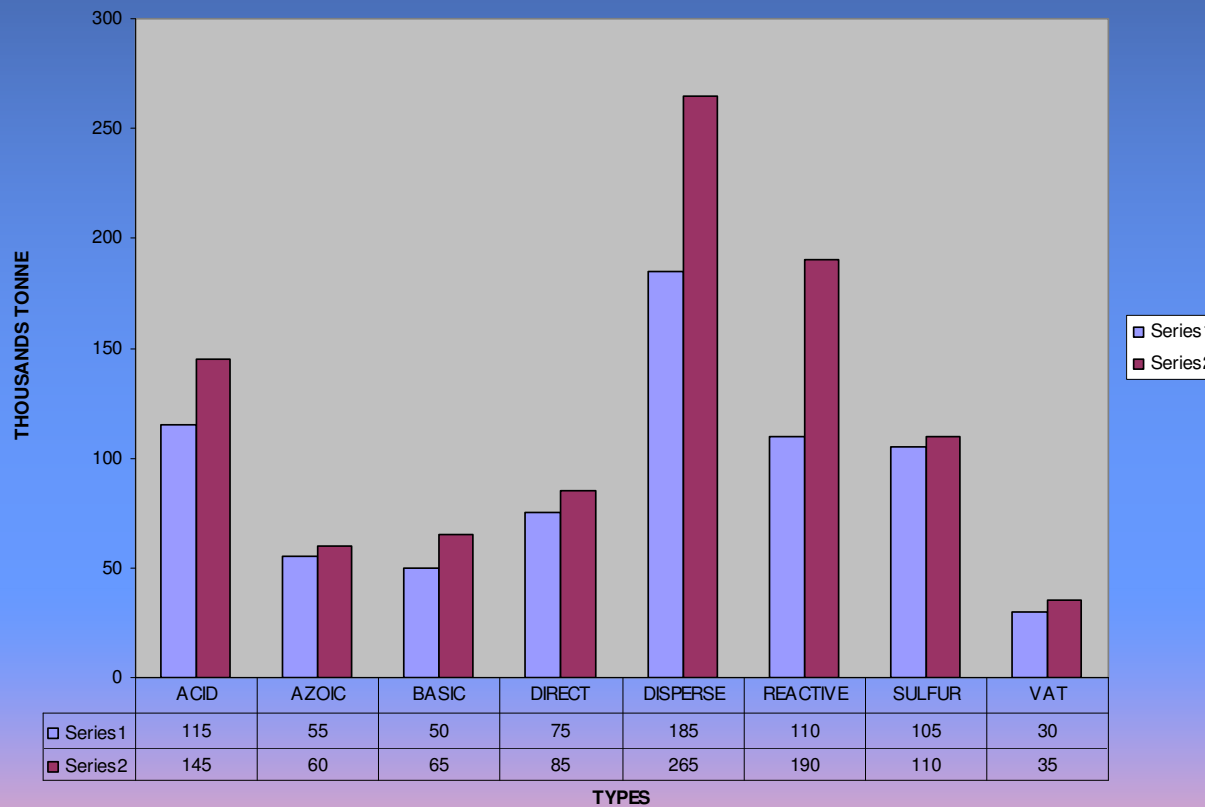


The Dyer Needs

- Quality – Almost zero tolerance level
- Ready to use formulations for each of his applications
- Can not give long time projections and yet wants on time delivery.
- Stocks be held in vicinity – (not prepared to undertake import formalities)
- ‘On line’ help – reliable technical service
- Lowest price
- New Products: Eco-friendly, novel applications

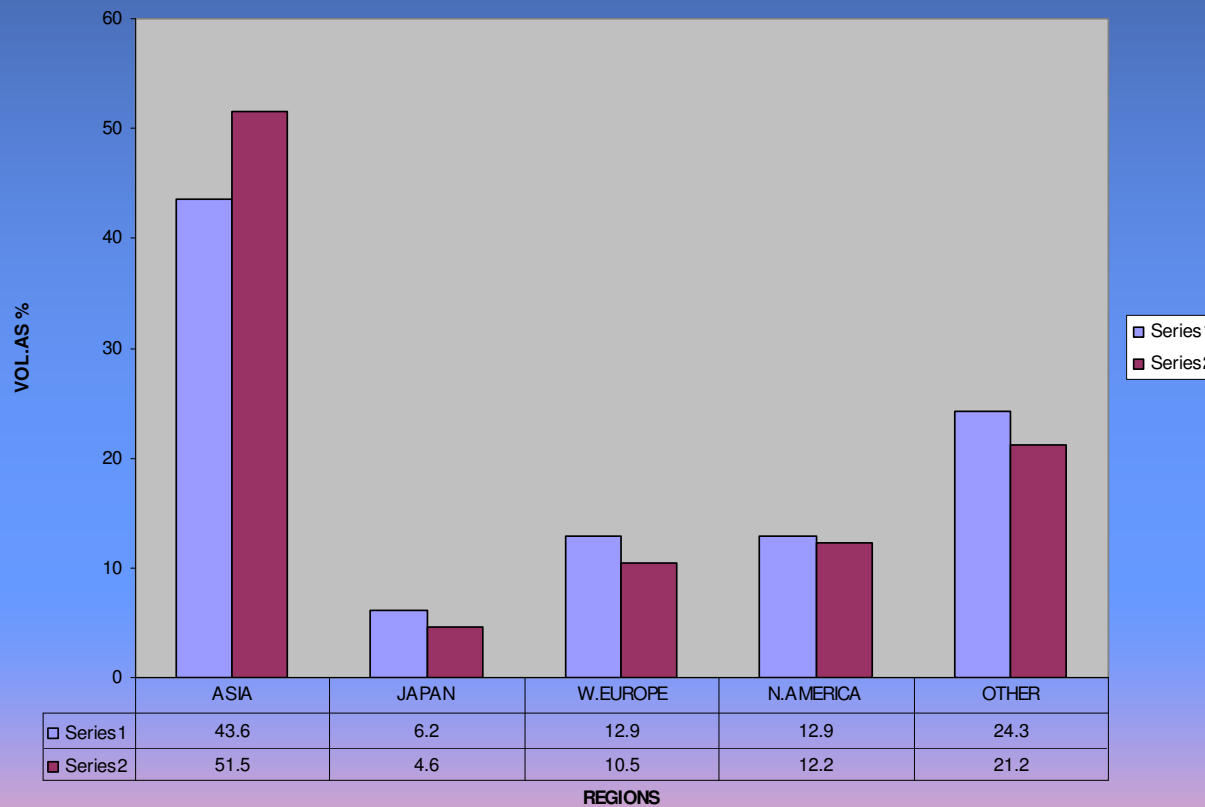
WORLD DYESTUFF PRODUCTION IN 1991 AND 2006 (PROJECTED) IN TMT

WORLD DYESTUFFS CONSUMPTION 1991 AND 2006 (PROJECTED)



WORLD DYES MRKESHARE IN 1991 AND 2006 (PROJECTED)

WORLD DYESTUFF MARKET SHARE BY VOLUME IN 1991 AND 2006



STRATEGY

- WORLDWIDE SET UP:
 - * WAREHOUSES AND STOCKISTS
 - * TECHNICIANS AND LABS
 - * FORMULATION PLANTS
- * SPECIALTY PRODUCTS
- * MAKE / BUY BALANCE FOR COMODITIES
- * NETWORKING WITH AUXILARY AND MACHINERY MANUFACTURERS
- * TARGETING REGIONS / CUSTOMERS AND BUILD BRAND EQUITY
- * ESTABLISH WORK CULTURE: INNOVATIONS
TRAINING, CONTINUOUS EDUCATION
RISCH HUMAN RESOURCES TO BE MADE RICHER
- * M & A OPPORTUNITIES

Thank You

