

‘It’s about working together, having a common goal’

In our previous issue we had featured the tie-up between Chennai’s Kapoor Imaging and Milwaukee, USA-based RBP Chemical Technology. Rob Coleman, managing director – RBP Asia (also director of Sales & Marketing – Electronics, RBP), was in Chennai recently. He has been visiting India since 1997. **Sashi Nair** caught up with him, as well as with Kapoor Imaging’s MD Sunil Kapoor, who has 36-years experience in the print industry, and young executive director Varun Kapoor at Kapoor Imaging’s office in Royapettah, Chennai

Your organisation is 60 years old. Can you give us a broad sweep about your engagements especially in this part of the world?

Rob Coleman: RBP as you may know was founded in 1954, it is an acronym for Research for Better Printing. That’s our origin and over the years we’ve become one of the largest distributors of pressroom products to the North American newspaper industry. But as technology advances more and more, people become dependent on the digital age – the print industry in North America is getting smaller and smaller. Back in 2006, our other division, Electronics, used the surge in the printed circuit board fabrication industry, the industry was moving to Asia and we had several customers in the US who were using our products who had established factories in India and said, Rob, here in the US we are using your chemistry; we’d like to use that in India. So our customers kind of enticed us to come over. We did a look-see, a tour and there was a demand for RBP’s presence in India and we viewed India as the next China as far as market development was concerned. Unfortunately, for lots of reasons, the Indian

development hasn’t expanded as its GDP...

Sunil Kapoor: There is scope in India but the infrastructure has not developed. That is one of the major reasons we have not taken off. Still there is scope. Once the infrastructure is in place...

By infrastructure you mean proper roads, easy access to the port, electricity, etc don’t you?

SK: Everything matters. We don’t have proper roads, water, power... so all this has to improve.



Photo: SN

From left, Rob Coleman, Varun Kapoor and Sunil Kapoor at the latter's plush office in Chennai.

How many years behind China are we then on that score?

RC: Ah! Here is an interesting anecdote. I lived in Hong Kong in 1988 and travelled to Shanghai, at that time a Third World country – very few cars, people on bicycles. And India was very similar. You go to China today and travel through Shanghai, it rivals Dubai or New York City. It's fascinating. There, the government makes things happen. Unfortunately in India, there are opposing political parties that do not want the incumbent government to be successful. India has a bustling economy; it just needs further development on the infrastructure front so that more and more people come to India as an outsourcing hub. Seeing the cost of doing business in China over 10-15 years, people are now looking for low-cost options to manufacture. Several of them came to India, did the look-see and declined. They felt the infrastructure wasn't there, the support, the type of commerce they wanted to do, which is really unfortunate. The other piece is from an electronics perspective and I realise that we are talking about the newspaper industry – the cost of materials in China is far less expensive than in India. Several of them are still being imported and that makes it very difficult for the Indian market to be competitive.

For us, RBP, taking our Western technology, bringing it here, using Indian-sourced raw materials, is giving us a good cost position to allow us to be competitive.

RBP has achieved several quality standards. Attaining standards is one thing, maintaining them quite another. How rigorous are the standards, and when you say it is a world-class product from RBP what are you actually talking about?

RC: That's an excellent question because it's been one of our biggest challenges since we've been here. The quality of raw materials that we source in North America, we have difficulty finding the same quality here. Our newspaper customers have cautioned us saying, Rob, as you go forward please put tremendous attention on the raw material sourcing. We've made some painful mistakes by assuming that raw materials were coming into the specifications we requested, but that was not always the case. So what we are doing now is we are heightening our level of incoming raw material inspection so that we have the

confidence level. In other parts of the world like in North America, we can ask for a certificate of compliance which certifies that the material meets our raw material specs. That's more challenging to find in India, where somebody is willing to do that. So on critical specs, we are still sourcing some black boxes from the US because of our lack of confidence that we can source from here. We are hoping with our tie-up with Kapoor that they will be able to assist us in better scrutiny of the raw material sourcing options. That's been our No. 1 challenge since we've been here.

Does that put some pressure on you (addressing SK) when you are dealing with their products?

SK: Yes, of course, it is a challenge sourcing raw material. We have tried. In fact, we have not yet started the factory but we are trying to gather some information and we find lot of information – the product specs they (RBP) are asking – is not available here. The other option will be to import.

That's a costly affair, isn't it?

SK: We cannot compromise on quality. It's not that we will go for 100 per cent import; may be the critical raw material will be. We want to ensure that whatever is produced in the factory is on par with RBP standards.

RC: Several of the critical raw materials that we will source, we will go through world-class suppliers. What we have found is that if there is a distributor in India for that material all they are doing is buying it in USA and getting it shipped over here. So, we might as well do the same thing. We might as well use our purchasing power in North America, create a black box and import it into India. Hopefully, it will be commercially feasible.

Why did you choose Kapoor Imaging?

RC: Well, we've been in the print market in India since 2007 and we've been hearing about Kapoor for quite some time. There was a discussion about two years ago after they were introduced to us. We were a bit stubborn at the time – thought we could blaze our own trail. Then when we started looking at distributors we realised we needed support. In our analysis of the options before us, Kapoor stands out as having similar standards as RBP – honesty, integrity, reputation, hardworking, supporting

products. And the fit was there – they needed a complementary product to their existing line and it just turned out to be a nice match at the right time. On top of it, we've become friends. You have to be able to have a relationship. At the end of the day doing business with Sunil and Varun is based on trust and being able to share your pains and fall on the same side. It's not about me outsmarting them. It's about us working together to be effective and having a common goal.

You had mentioned moving up a level from distributor to manufacturer?

SK: It's a challenge. Kapoor Imaging is a 40-year-old company. We have never ventured into manufacturing. We have been trading. Today, we have a presence all over India except in the western region. We felt we had to manufacture to be competitive in the market. Also, our customers do not look at us as a trader; it's changing now because of our size. We began by slowly testing RBP's products. We found the products good and we have launched them in a few newspapers where it is working fine. Then we said, let's have the marriage.

Are you now looking at expanding your footprint?

As it is, we have a lot of presence in the newspaper industry, through Fuji plates (being supplied to south and east India) and Kinyo blankets (across India). We have a barring facility (state-of-the-art with German technology). We have just started supplying (RBP products) to a few newspapers; the volumes are there, it's just the beginning now.

RC: We've (RBP) had our success independently but it wasn't sustainable for us.

SK: It was a one-man army (amid laughter).

RC: We thought we could come in with the right product and add value to the customer's application and they would retain it. They received us well, the product outperformed the competitive environment; we added some significant value to the customer's process. But things happened that made it difficult for a small company like RBP at the time to defend our installations.

SK: It requires a lot of service in the initial stages. For example, when we spoke to one of the newspapers about fountain solutions, they wanted to know how long the trial period would be. When

we said 10-15 days they said they were not interested. They wanted two-months trial. Unfortunately, RBP did not build on this aspect.

RC: You are absolutely right. We would go in, conduct a trial, and the trial would run well and when we went back to press, things would go out of specs. I think the approach to the longer product cycle wasn't about going out of specs because of our product performance, but it was about the ability to make sure that things were continuing to operate the way you had advocated. And you need to support the structure and we were not able to do that.

SK: Also, the water is different in different places. The problem is not there in Europe or the US. Therefore, we may come out with specific products to suit specific customers or regions.

RC: You need to modify products based on specific environments that are related to ink, paper, water – they all play a significant role in how the product is going to behave and adjustments may be required as you move across the Indian market.

Isn't that a huge exercise, looking forward?

SK: We have people in place; we have offices in Delhi, Kolkata. Wherever we have infrastructure we have technical support. The new products will add value to our company. We will be able to offer a whole package.

Does RBP conduct regular training programmes for employees. How do you instill the feeling of working for a world-class company?

RC: It's really a culture that you have to establish. Training is information and it helps you understand what you are doing. Everything you do has an impact on the results of finished product. Yes, we do have a quality programme that we implement. People are trained in procedures. We audit ourselves on a routine basis. We do internal and external surveys to access how we are doing and manage continuous improvement. You can't suddenly refine your process because the minute you think you are doing it perfectly you realise that there is still room for improvement.

Which are the products you'd like to talk about as far as the Indian market is concerned?

SK: We are focusing on press washes, fountain solutions, plate cleaners, and silicone for heatset

machines. We will be looking at India and neighbouring countries (Sri Lanka, Bangladesh, West Asia) for marketing these products; we'd like to explore the possibility there.

RC: RBP's expertise is manufacture. In our relationship with Kapoor, he's going to manage all the activities with regard to setting up the operations to our standards using the equipment and the procedures that we use, which will be transferred down here. Our team in Mumbai will shift and RBP will have our team inside Kapoor's facility (in Gummidipoondi) managing the manufacturing of the products to our specifications.

What would be your top three challenges.

SK: To provide consistent quality. To provide cost-effective products to the customer, and the right product.

Are you confident these products will boost business volumes for you? And by how much.

SK: The volumes we will get in chemicals will be a plus. We will try to achieve a good amount of market share. We are in touch with the customers and once we have the right products things will fall in place.

Varun, what are your impressions about the tie-up?

Varun Kapoor (in charge of the digital media side, including flex, foamboards, advertising

media): It's exciting for me as well because I have joined recently. The company is undergoing a certain change. I am glad to be a part of this. It's a new challenge not only for me, but for my dad and Giri (Giridharan S. is CEO, Kapoor Imaging) and it's exciting to see all the new challenges. It is good to see something that is evolving and not to come into a company that already has everything set up. We'd like to focus on where our expertise lies.

RC: That Sunil has a succession plan is comforting for RBP, too. This is not supposed to be a short-term relationship. Not only are we two companies that are aligned for a common goal, there is a personal relationship developing. India has so much potential to be one of the world's largest trading partners. Am confident and optimistic that the government will put the infrastructure in place that can really allow India to take advantage of its natural resources as well as the talent. That's what keeps us coming back. It's an English-speaking country – I won't say it's easy to do business with – but the potential is there and we are betting on the future of India.

VK: Basically, the Indian way of conducting business was the biggest catalyst in the tie-up between RBP and Kapoor. RBP didn't have the expertise with the Indian way, to be blunt. ■

***Dainik Bhaskar* set to enter Bihar**

With *Dainik Bhaskar* set to foray into Bihar soon, competition in the Bihar print media market has further escalated. According to an ASSOCHAM report launched in June 2013, "Bihar logged in a compounded average growth rate (CAGR) of 20 per cent in public investment between March 2003 and March 2013". The report further stated that Bihar is growing at a faster pace. With *Dainik Bhaskar's* impending foray, Patna city has been witnessing a cover price war, besides a slew of promotional offers being offered to the readers, along with outdoor advertising.

In a bid to fortify their market shares, three existing players – *Hindustan*, *Dainik Jagran*, and *Prabhat Khabar* – have cut down their cover prices to Rs 2.5 from Rs 4 (*Dainik Jagran*) and Rs 3 (*Prabhat Khabar*) ■