

“We are Hoping to Bring About Societal Change”

FURNITURE COMPONENTS SPECIALIST HETTICH INDIA WAS AMONGST the first to tie-up with Furniture & Fittings Skill Council for promoting skill development in the country. An outcome of its mission to build a cadre of trained carpenters is the establishment of the Hettich Poddar Woodworking Institute as a not-for-profit vocational training institution. And in another significant move, Hettich has entered a new business segment – door hardware – in order to evolve as a one-stop hardware solutions provider.

In the wake of demonitisation and deliberations on GST, Hettich India’s managing director A K Goel, in an exclusive interaction with *Sourcing Hardware*, shared his thoughts on the recent developments on the policy front, entry into the new business segment, and the Hettich-Poddar Woodworking Institute.

By Gyanendra Kumar Kashyap

State of Economy

Demonetisation is a pre-cursor to GST. The move, though painful in the short term, will help a number of businesses in the unorganised sector to finally be a part of the formal system. The biggest potentially positive impact of the demonetisation campaign for India’s government is its inherent push to get more businesses onto the dominant economic grid, where they can be more readily regulated and taxed.

The furniture fittings industry too has been impacted by the government’s initiative as it has affected the purchasing power; however, we in the

industry are certain that demand growth will revive in a quarter or so. On the GST front the on-going deliberations are in the final stage and once it comes into force, the effective cost for OEMs will come down. For manufacturing companies it means a level playing field for organised and unorganised sectors, and cost optimisation in terms of movement and warehousing of goods due to uniform tax. Consequently it would have a positive impact on inflation, curtail tax avoidance and create buoyancy in the economy.

As far as Hettich India is concerned, our growth rate has been better in

2016 as compared to 2015. Despite the temporary drop in demand we are in a position to grow better in 2017. I am confident that in the mid to long term the demand will grow. We will thus be in a position to pass on the benefits to end consumers; this will help build demand as well as our market share.

New Business Segment

Our decision to enter a new market segment - door hardware - is an India-specific business decision. Different markets have different needs; our business model here in India is B2B2C, while in other countries it is primarily



B2B. We have developed a solution to cater to the local market; we want to meet the requirement of the customer. The objective is not just to increase the turnover or profitability of the company but to serve the customers better; we want to be a one-stop-solutions provider.

Each and every business segment has some degree of crowding of players, but it is the quality of the product offering that differentiates one from the other. Going forward, quality will be a key differentiator. As far as we are concerned, we will be offering German quality products against the

labeled Chinese goods that are being sold in the market. We want customers to experience German quality products at an affordable price.

Most of our products will be EL/UL certified as well as C/CE certified. For instance, our handle (for mortise locks) has been tested for one million cycles (EL certification demands two lakh cycles); no local handles can manage even one lakh cycles.

Our belief is that once we offer quality products in an affordable price range, the volumes will pick up gradually; customer satisfaction will play an important role in promoting our

brand and helping us grow.

We will take the knowledge route in the door and architectural hardware segment too. We will continue to educate our customer base, and not shy away from explaining the basics, eg door closure is not selected by weight but by dimensions of the door. We will explain the ‘what, why and how’ of our offerings - what should be offered, why it should be used, and how it should be installed/fitted. We will educate the trade what to use, where to use and why? As has been our practice since inception, we not only manufacture and sell products but also lay equal emphasis

on educating trade stakeholders, our partners and end-consumers.

Today we are the number one player in the hardware market; our policies have helped us reach where we are today. We believe in creating value for the end customer. We take care of our trade partners by offering them a complete package – trade margins, training, brand pull, service, credit, experience centres et al. Training is helpful to OEMs/carpenters; for trade partners and dealers, the focus is on knowledge, ie to suggest what to use where; how to meet customer expectations, etc.

Focus on Skill Development

Hettich has been training carpenters since its inception. In fact we have successfully trained more than 20,000 people in the last one decade or so. The training initiatives were initially more of an unorganised effort and not structured. However, now we are trying to institutionalise the process, and for this we have created a separate trust that will manage the whole programme.

The Hettich Poddar Woodworking Institute, as it would be called, would be independent of Hettich and will be run as a Vocational Training Partner (VTP) and a non-profit industry oriented-education institution, with the sole objective of benefiting workmen involved in the woodworking industry. The standalone training institute will be owned and managed by a charitable trust. Apart from Hettich we have a few industry partners. Woodworking specialist Biesse and a few plywood companies have partnered us in this initiative.

The infrastructure is great – air-conditioned rooms, modern machines, tools, audio-video facility, faculty, etc. This institute is coming up in Faridabad near New Delhi. In the future we will

replicate this institute in other areas too.

VTPs are primarily run on a profit motive; however, ours is purely based on a CSR model. The design of the training programme is comprehensive; it bridges the gap between conventional and modern training. The company is spending a lot of money on this initiative. Carpentry has undergone a major change in the last decade or so – modern hardware has become a necessity. For example, doors were earlier non-auto closing, today we have finger touch, side mounted, under mounted – therefore trained workforce is needed.

All the possible areas for woodworking are to be covered. The courseware has been classified/divided according to the need of the industry - assembler, hardware fitment, polishing, sofa maker, etc. The duration of the training is three months. The logic of three months is that it will provide trainees the opportunity to learn more and opt for more courses. At the end of the training they will be certified.

The admission to the training programme is on a first-come-first-serve basis; the training is being offered free of cost. During the course the trainees will be paid a stipend, for this we have tied up with government. Not only will we train them, but will also help them get placed or get assignments, and more pay. Besides these, we will also assist those interested in setting up their own units; provide them with kits and other help.

Apart from the three month programme we will also offer a three day Recognition of Prior Learning (RPL) module. For RPL we will go to different places, we will visit different cities pan-India with town-specific activities.

We expect to train about 1,000 students a year in the three month course and about 8,000-10,000 under the RPL module. We also have a ‘train the trainer’

programme. All these modules can be replicated with time.

Who will be the beneficiaries, is the logical question. I believe, with our focus on building a skilled workforce for the industry, the primary beneficiaries will be end-users, carpenters, and of course the industry.

If the end consumers get the right material at the right price in the right manner (fitted properly), they can have quality furniture made at a lower cost and more efficiently.

If the carpenter knows how to fit, drill, what to use where, he’ll be able to complete the work more efficiently. In Europe a carpenter can make a 12ft wardrobe in less than half a day, in India it takes 3-4 days. Even if you are using modern hardware but if it’s not fitted well, the functionality will not be perfect. A trained worker is efficient and knows the intricacies of the hardware and knows what to use where.

In Europe, carpenters are paid significantly higher as compared to the ₹500-1000 per day in India. It is not that in India the carpenter is underpaid, it’s just that they are low on productivity as well as on quality. At our institute we intend to train them and improve their skillset with regard to wood working, hardware fitment, polishing, and other related aspects. They will be then in a position to market their expertise at a higher value, their incomes will increase, customers’ will be satisfied, and all of this will bring better value to the customer and its employer. Once there is increased customer satisfaction and income level of the carpenter, the industry too will grow.

We, therefore, visualise a major positive outcome of this initiative, and are proud to be at the forefront of such a nation-building exercise. ●