



LEADERSHIP
Anil Goel
is Putting
SKILLING
on Track

Exclusive
INDUSTRY CAPTAINS
Evaluate the
BUDGET



LEADERSHIP

set policy, and in HPWWI he has presented a proof of concept of how the required mechanisms should be executed, and possibly replicated by other industry skills about how he believes he will skill India... **Skilling has emerged as one of the most pressing issues before the country and serious deliberations are on for finding ways to fill up the demand gap for skilled carpenters. This is a dire need, and the problem is not about the number of workmen available, but about the unavailability of enough people with the right skill set.**

Labour costs account for 12-15% of the cost of furniture in India, and more than three million people are engaged in the ₹1,00,000 crore furniture sector within its industrial units or as freelance carpenters. Our working is based on the assumption that an average workman wage ranges between ₹3,000-10,000 per month. The real problem is not with the number of workmen available in the market, but with their not having the right skills.

The industry is in a transformational stage, we are witnessing a shift from conventional carpentry to modular furniture. This is creating a demand for workers with varied skills including ability to work on modern machines such as CNC routers and beam saws, ability to use modern hardware, skills to assemble ready-to-assemble (RTA) packed furniture at the customer's place, and ability to use modern tools and processes and work with different types of wood substrates. It is evident that if carpenters are not up-skilled or re-skilled to meet industry needs, their employability will be adversely impacted.

Setting up HPWWI is a path breaking initiative by Hettich India, to address the perennial problem of availability of skilled professionals. The institute is building a skilling ecosystem not seen in the country before.

We want to build a skilled workforce for the industry. Our initiative will benefit end-users, carpenters, and of course the entire

“In Europe carpenters are paid significantly higher as compared to the ₹500-1,000 a day in India. It is not that in India the carpenters are underpaid, it is just that they are low on productivity as well as on quality.

industry. If the end consumers get the right material at the right price in the right manner, that is it. If it is priced properly, they can have quality furniture made at a much lower cost. If the carpenter knows how to fit, drill, what to use and where, he'll be able to complete the work more efficiently.

Such initiatives need to be kept away from the core business activity of the company, and Hettich has figured it out.

When we conceptualised this initiative we were clear that HPWWI would be independent of Hettich. Therefore it is a standalone institute owned and managed by a charitable trust. It is being run as a vocational training partner (VTP) and a non-profit industry oriented education institution, as its sole objective is to work towards benefiting workmen in the woodworking industry. Apart from Hettich it has a few industry partners including woodworking specialist Blesse and some plywood companies. It has great infrastructure as it is equipped with air-conditioned classrooms, modern machines, tools, audio-video facility, a library and faculty, among others. It is located in Park Road, Delhi-NCR in Haryana, right by the Metro which is a great convenience to the students. Our plan is to replicate this institute in other areas across India.

Designing a robust and futuristic curriculum is vital, and HPWWI has developed a structure that's sensitive and engaging.

The design of the training programme is comprehensive; it bridges the gap between conventional and modern training. Carpentry has undergone a major change in the last decade or so as modern hardware has become a necessity. For instance, doors were earlier non-auto closing, today we have finger touch, side mounted, under mounted, etc. Therefore trained workforce is needed. All the possible areas for woodworking are being covered at HPWWI. The courseware has been classified as per the need of the industry – assembler, hardware fitting, polishing, sofa maker, etc and 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 programme has no course fee, and comes along with free kits, stipend, placement and entrepreneur mentoring.

Admission to the programme is on a first-come-first-serve basis and training is being offered free of cost. During the course the trainees will be paid a stipend, for which we have tied up with the government. Not only will we train them, but we will also help them to get placed or get assignments, and more pay. Besides these, we will also assist those interested in setting up their own production units; we'll 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 locations across India with town-specific activities. We expect to train about 1,000 students a year under the three-month course, and about 8,000-10,000 under RPL. We also have a 'Train the Trainer' programme. All these modules can be replicated with time.



'Transparency is the New Leadership Imperative...'

ANIL KUMAR GOEL HAS BEEN AT THE HELM OF HETTICH INDIA FOR the better part of two decades and the company has, in this period, captured pole position in the furniture fittings sector. Goel himself has proved to be a strategic leader who can manage complexities while keeping an eye on the future. Some of his initiatives are notable and have in fact shaped the industry. He embedded carpenter training into Hettich India's DNA much before the industry realised the perils of the yawning skill gap, he set up the industry's first experience centre which eventually popularised the concept of display centres, and he sewed up partnerships with furniture e-commerce start ups early when they needed validation the most. He speaks about a few hot issues and his favs...

Demos Squeezed Liquidity, GST a Psychological Phenomenon
Demonetisation had resulted in a dramatic contraction of money supply in the hands of people of all strata. That is why customers were not willing, or should I say unable, to pay and retail stores witnessed significantly lesser footfall. So, there was a dampening effect on market demand across industries. But, this was short-term impact.

GST on the other hand had a psychological impact which resulted in reduction of demand. The moment customers saw a 28% addition to their invoices on account of tax, their mindset changed. They felt that they were paying a higher tax, although they had been paying the same quantum of tax earlier in form of 14-15% VAT and 12-13% excise duty before GST implementation. This affected

consumption, and consumers started buying goods in limited quantities. But with the revised GST rate of 18%, demand will gradually increase.

GST a Boost for 'Make in India'
The biggest positive impact of GST will be on domestic manufacturing; it will encourage local production as imports will become costlier. Prior to implementation of GST it was more profitable to import products by paying duty and CVD on import value and zero tax on account of value addition. Today, no industry can be internationally uncompetitive and domestically competitive. One can bring any material from anywhere in the world and export anything. So, domestic production has to be competitive internationally. The new taxation system will indeed boost the government's 'Make in India' programme.

Hettich is 'Definitely Growing'
The impact of GST cannot be manifest in a day or two; it will take longer to become fully visible. When one is making structural changes, and that too in a vast and diverse country like India, it takes some time for things to settle down. Hettich is growing consistently, so there is no demand contraction per se. Our sales have grown in value and volume terms. In fact, volume growth has been higher than value. Demo did not cause any reconfiguration of our supply chain, except for having to support some dealers or distributors, and GST did not impact us. In fact, we organically increased our cost rather than increasing, and even reduced MRP to pass on the benefit of rate reduction.

Affordable Housing will Drive Low-cost Hardware
The 'Housing for All by 2022' agenda is

For Want of a Few Skilled Men

"Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime"

By **Minimoy Bhattacharjee**

“ABOUT 97% OF the workers involved in furniture sector are school dropouts. Of these, 88% have an education qualification of secondary education or less,” reads the 'Human Resource and Skill Requirements in the Furniture & Furnishings Sector' report published by National Skill Development Council and ICPMG. The industry, being driven by increasing demand for greater standardisation and modern hardware, seems to be dependent on a workforce that's literate at best. But what's not stated is that the 3.39 million persons employed in furniture manufacturing, the majority don't have any degree or certificate that declares them to be trained carpenters. According to the report, in view of the impending growth in the furniture industry, around 2.50 million new manufacturing jobs will be created between 2017 and 2022, whereas the government and private sectors collectively possess a carpenter training capacity of barely 10,000 per year. This is the context in which Anil Kumar Goel's helming of the Hettich Poddar Wood Working Institute (HPWWI)

needs to be viewed. His mission, which is to make a difference in the furniture landscape in terms of number of qualified carpenters is also to bridge the skill gap that exists between what's offered by ITIs and what's needed by the industry, is by no means insignificant.

When Hettich entered India in 2001 and set up its office-cum-display centre at Panchsika Road, the furniture hub of New Delhi, Goel as its managing director made sure it had a training facility from day one. It was open house for carpenters, and he routinely urged Hettich channel partners and customers to send their fitters to the centre to learn how to use the right tools and fit the latest hardware. "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," he says. Goel has aligned the objectives of HPWWI with those of the government's, which are to skill more carpenters and up-skill the existing ones in a sustainable manner. As co-chair of the Furniture & Furnishings Skill Council he has helped

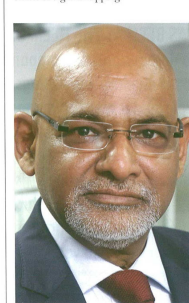
primarily driven by the need for affordable housing. However, since the affordable housing units will be smaller in size, space utilisation therein combined with functionality will take priority over other factors. Therefore, the demand for low-cost hardware, which is cost-effective as well as which creates more room, will grow. Another likely change will be that many housing units which are lying vacant at the moment might be put to effective use with greater urgency by renting or selling, which will result in the increase in demand for furniture in general.

Modular is the Future
The size of the Indian furniture industry is estimated to be ₹1,00,000 crore, out of which the modular or mechanised segment is not even 10%. The industry is moving towards modularity as consumers are beginning to understand the benefits of owning standardised furniture. E-commerce platforms such as Pepperfly, Urban Ladder and LiveSpace have also played a role in creating awareness about modular furniture, particularly because their own profitability depends on standardisation. Besides, Ikea is sure to boost demand for well designed and quality furniture which is very competitively priced, once it sets up its outlets in the country in the coming years. Ikea is known for beating down costs through the smart design of products as well as the processes. Its foray will also offer unique experiences to buyers as they will be able to assess if they want to buy a free-standing single drawer unit or a complete kitchen. These developments will call for massive steps towards standardisation of kitchens and furniture for mass consumption, and naturally they suggest well for the industry.

'Experience' is the Retail Mantra
Customers across the world are craving for smart and intelligent living solutions. This new idea for designing their interiors. In light of this trend, companies will have to offer new and innovative experiences to their buyers. They will have to carefully

review the customer experiences every time he comes in contact with their brands. They will have to reinvent themselves by creating retail spaces that engage and immerse the customers into very pleasant experiences, which are unmatchable by online or digital shopping.

Failure is a Part of the Leader's Journey



A leader has to be a visionary. I believe that the vision with an actionable strategy can realise the goal of an organisation and at the same time meet the demands of the market. This differentiates a true leader from me-too leaders. However, success does not come merely because one has a vision. One has to craft a sound strategy around the vision, have actionable plans, and more importantly engage people. The culture can be gauged by the leader's ability to align employees' actions with the course of implementation of plans and priorities that the top executive has established in the strategic planning process.

Failure to us a part of the leader's journey; it is not success all the way. One has to be ethical and transparent in business dealings. In fact, trust and transparency are probably the most important fundamentals of leadership that stand between ordinary results and extraordinary results. For me, transparency is the new imperative. We at Hettich believe in extraordinary results, and thus abide by the principles of trust and transparency. As far as the leadership position of Hettich India is concerned, I have been getting tremendous support from the global leadership team. I have shared with them our vision and actionable strategy with the global team, and more often than not they have fully backed our decisions.

As a perpetual student of leadership, I am inspired by Dhiraabai Ambani who addresses customers as well as designers. Visitors to this centre need to take a prior appointment for personalised attention. Besides, we have also established display centres in Delhi, Mumbai, Bengaluru, Kolkata, Lucknow, Hyderabad, Chandigarh, Indore and Chennai for architects, designers, contractors, OEMs

and carpenters. These centres also provide inspiration to our channel partners so that they too can connect with their customers in a more evolved manner.

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