

Indian Champions who innovatively washed the Competition

Karsanbhai Patel, a chemist from Gujarat and M P Ramachandran, an accountant from Kerala have shown that Innovation can lead to great opportunities and can lead to highly successful companies even in the most competitive industries and against the biggest of the big players.

Both the leaders are conscious about the opportunities, courageous enough to explore them by overcoming obstacles, keeping the focus on innovation and do everything to turn the ideas into reality.

Commonalities of both the companies NIRMA and JYOTHI LABORATORIES:

- Huge amount of Innovation efforts from creating product, experimenting and improvement.
- Going beyond the traditional mindset in their advertising, with aim and focus on the target consumer, developed new marketing strategies aligned with business strategies.
- Innovating their way out of various challenges
- Trusting the potential of the Indian market and moving with velocity and missionary zeal.

A company that was a one man operation started by Karsanbhai Patel from Gujarat who manufactured phosphate free Synthetic Detergent Powder, and started selling it locally, in 1980 in Ahmedabad, India. Nirma is now a big company having over 15,000 employees within three decades and a turnover of over Rs. 3,550 crores in 2017. It manufactures products ranging from cosmetics, soaps, detergents, salt, soda ash, and Injectables. Patel was selling about 15-20 packets a day on his way to the office on bicycle and now the company has multi-locational manufacturing facilities.

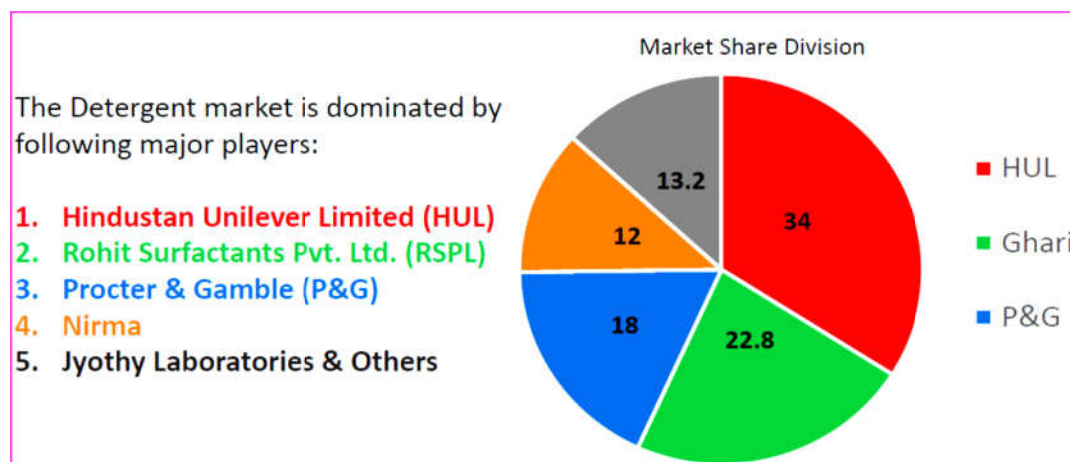
Similar story of MP Ramachandran, the promoter chairman and managing director of Jyothy laboratories which was launched in 1983 with Rs. 40,000 and is now India's

fifth largest FMCG business. He liked pure white clothes and he knew exactly what the consumer would want from a fabric whitener. He strived hard, experimented continuously and innovated the process to get a better shade of white until he got the perfect dazzle and Ujala came into existence. In the first year sales totaled up to Rs.40,000. Today Ujala commands a 72% share of the fabric whitener market. The brand has annual turnover of about Rs.300 crores.

Ramchandran can simply inspire anybody; he says “When I open my eyes, I see only opportunities”. “Anybody here (in India) has a chance to grow.”

The Indian Soap Industry:

Size of the Industry	The Indian Soap Industry includes about 700 companies with combined annual revenue of about \$17 billion.
Market Capitalization	70% of India's population resides in the rural areas and around 50% of the soaps are sold in the rural markets.



Making a mark was difficult for Nirma, since Colgate, Lever, and Procter and Gamble—controlled about 75 percent of the soap and detergent market even around 1940.

Nirma’s strategy was value-for-money and creating long-lasting relationships. The various innovative steps that Nirma took were:

- Looking at the market from a different perspective and targeting the low and medium income group only. The prices were reasonable and affordable to even low income groups, this new yellow powder was priced 1/5th of the HUL's Surf.

- Execution of their strategy succeeded because they got their distribution right with a reach of about 450 distributors, over two million retail outlets and more than 40 million loyal consumers spread all over the country including the villages.
- In 2000, Nirma had a 15% share in the toilet soap segment and more than 30% share in the detergent market. By March 2000 Nirma's turnover increased by 17% over the previous F.Y reaching to Rs. 12.17 bn.
- In November, 2007, Nirma purchased the American raw materials company Searles Valley Minerals Inc. (SVM) in California at \$200 million, which was in the top 5 soda manufacturers of the US - Nirma is among Top-7 Soda Ash manufacturer in the world.
- To face competition from HUL Nirma realized and launched products for the upper end of the market. The company launched toilet soaps for the premium segment.
- Nirma is the largest soda ash producer in India followed by Tata Chemicals and Gujarat Heavy Chemicals Ltd (GHCL) and has taken over the Indian cement portfolio of Lafarge for \$1.4 billion, trumping bigger rivals Primal and JSW.
- Nirma has emerged as a key contender for Tronox Alkali in Green River, Wyoming, the fourth largest producer of soda ash in the world, for \$1.5-2 billion.

The American Dream		TRONOX ALKALI		
NIRMA'S MAJOR DEALS		FY16 Nos		
2005 Acquired Saurashtra Chemicals to become India's largest soda ash manufacturer	REVENUES ₹7,280 cr		4th largest producer of Soda Ash in the world; has facilities in Green River area of Wyoming in the US	
2007 Acquired Searles Valley Minerals in California for \$200 m	EBITDA ₹1,490 cr			Employs about 1000, has \$800 m revenues
2016 Acquired Lafarge's Indian cement portfolio for \$1.4 b	PAT ₹765 cr			
	TOTAL DEBT ₹1,123 cr			
	NET WORTH ₹4,509 cr			
		Soda Ash is used in glass, detergents and food processing industries		

Nirma has contributed Rs. 350 million in the education field for developing institutes and to socio-economic development of the nation. It has established the Nirma Education & Research Foundation (NERF) in 1994 and is awarded with University Status. It runs courses in medicine, nursing, biotechnology.

Jyothy Laboratories

The brand that became popular because of its slogan that itself gave the method to use and promise to deliver expected whiteness in the laundry '**chaar boondo waala**', the four drops remained the base of the marketing efforts and worked wonderfully.

Jyothy Laboratories Ltd is headquartered in Mumbai, with assets of Rs. 800 crore. It had allocated a significant amount of money to take over a number of regional fabric care brands.

Previously, Jyothy Laboratories had taken over Ruby and Morelight - two fabric whitener brands (both of them were taken over at under Rs 20 crore) and has enhanced the sales of these two brands. With the help of these takeovers,

Jyothy Laboratories has come up as a market leader in the segment of fabric whitener and the company is enjoying approximately 72% share in the segment, piloted by Ujala, its flagship brand. Revenue from personal care segment grew 46.7 per cent at Rs 50.7 crore as against Rs 34.6 crore in the year.

Product Range:

- Ujala washing powder
- Ujala stiff and shine
- Ujala technobright
- JEEVA Ayurvedic Toilet Soaps
- MAYA Agarbathi
- Exo - Dishwash bar
- MAXO -mosquito repellent coils

- Jyothy's reach in rural India is tremendous, about 70 percent of its sales come from rural India. For Henkel its reverse as 70 percent of its sales is from urban India. Jyothy bought Henkel with the hope to capitalize on this and cross pollinate across networks to have a larger footprint.

- The company also attracted huge foreign investors like Baring and Actis.
- In 1990 it was heavily advertising on television for Ujala Supreme liquid fabric whitener which also fetched results for Jyothy Labs.
- The Ujala brand of Jyothi Laboratories has invested in advertisements by using Sachin Tendulkar as its brand ambassador to generate additional sales. In the 2011 Cricket World Cup, Jyothi Laboratories Ltd. purchased a number of commercial spots and gained significant yield from the tournament.
- Jyothy acquired 50.9 percent in Henkel India for Rs.118 crore is a true leadership move. For the first time an Indian FMCG player bought a foreign unit in May 2011.
- Henkel was a loss making company but strong competitor of Hindustan Unilever. The brands Pril, Margo, Henko and Fa have strong presence in Laundry, Home Care and Beauty Care businesses giving Jyothy Labs new opportunities.
- The company to prioritize production and marketing of Henko champion and Mr White which were the largest contributors to Henkel's business.
- Ramachandaran has taught how to exceptionally use advertisement as investment and not treat it as an expense.
- Its strength is the committed employees; around 400 of his 5,000 employees have been around for at least 15 years. Some of the employees are effectively handling the responsibility of directly managing around a million retailers.

Jyothy Laboratories came up with ideas that inspired and products that were needed but lacked availability in the market, focused on the markets where the product would be used and criticized the most with a clear vision that this criticism can help us to improve thus created new business models and innovatively spent on advertising when no other company was doing it extensively.

It courageously bought the brands which would add value to the company whether the idea was appreciated by the market experts or not. The employees are empowered to handle the distribution channels surely is the result of innovative culture.

Nirma and Jyothy Laboratories are the type of companies which we all would like to create.

If you want your organization to be a top performer or you are a challenger to the No.1 in your industry - **BCon Global** – the consulting company from Japan with it's 50 years experience worldwide can help you in being innovative.

The mental locks that prevents us from being innovative or creative, limiting us in the box of What If.

- The Right Answer
- That's not logical
- Follow the Rules
- Be Practical
- Don't be foolish
- Avoid ambiguity
- To err is wrong

3 Foundation Principles for creating Innovative Organizations

Autonomy

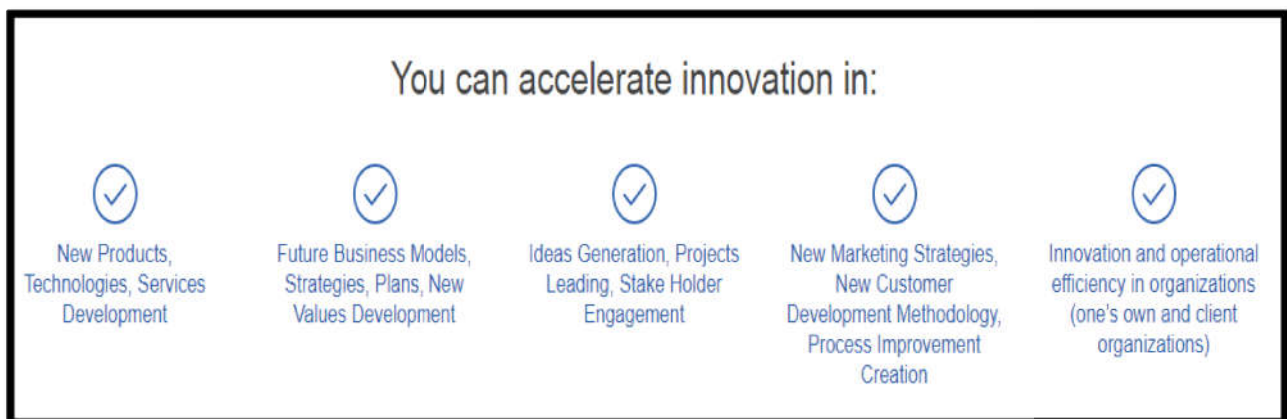
Accountable, self-directed employees that can responsibly think, act and solve problems based on corporate philosophy

Emergence

A culture of innovation that enables the organization to respond rapidly and appropriately to change

Collaboration

Effective and seamless cooperation that generate positive and synergistic results.



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