

A case study about bharat forge and suzlon

[Business](#)



Ninth the changing economy it was the time for Brat Forge to transform itself from a labor intrinsic company to a highly mechanized and efficient forging company. Mr..

Kali did realize this importance and worked on it to transform the company and make it a world class leader in forging industry globally. He also realized the Importance of the skilled labor and it was then he initiated to replace muscle power Ninth brain power. Brat Forge has transformed itself from a basic manufacturer for domestic consumption into a world leader to become the second largest forging manufacturer in world.

Solon's inception was unintentional and was because of need for alternative source of energy, Mr..

Tanta started a textile company in 1992, right from its inception it faced lot of problems such as uneven electricity supply, raising cost of electricity, though they tried to innovate they were still not able to control the electricity cost it was then. He realized the importance for the need of alternative source of energy to continue production which was not possible from the conventional supply of electricity.

The alternative found was the wind energy but it required huge capital expenditure that exceeded his investment in textile business UT he did not forgo the alternative idea he however took the risk and obtained two small capacity wind turbine. It was then Mr..

Tanta recognized the importance of wind energy by his own experience as an owner of a textile industry and this lead to the inception of Solon and its

foray into wind energy business. The similarities and the key difference in strategies used by Brat Forge and Solon as they transitioned from being an India-only firm to a genuinely globalized firm are contrasted below: Mr..

Kali knew that with the changing economy his company's capabilities would become obsolete. Kali bet heavily that the future of Indian manufacturer would be driven by sophisticated production to meet the quality requirements of global equipment manufacturing. He knew that to be on top only meeting the domestic demand would not be enough.

He also knew that to meet the international demand and to get the international client orders, it was necessary to modernize the manufacturing facility to meet the global standards and make efficient use of production capacity.

It was this thought of modernization that helped Brat Forge transform from a labor intrinsic company domestic company to an International renowned forging company. The need for the alternative source of electricity led to the inception of solon. Mr.. Tanta to find a permanent solution to offset the rising costs of electricity supply decided to invest in wind turbine energy.

It IS then Mr.. Tanta forayed into the wind energy business though it required huge AP tall expenditure, en realized the cost distinctiveness to it in the long run. Mr..

Kali realized the importance of Globalization.

He understood the need to go global and expand Brat Forge, but it involved a lot of challenges. The challenges he underwent at that time was low quality
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production and labor intrinsic inefficient manufacturing process. So Mr.. Kali sophisticated the manufacturing facility and earned reputation for the Indian manufacturing sector by implementing modernization and innovation.

By doing this the product design which previously took 6 to 8 months was done in 2 to 3 weeks. He also invited the key clients to visit and witness the manufacturing process and thus win their confidence.

Solon initial investment in two turbines for self-business gave Mr.. Tanta a thought that wind power business would be successful and a unique business model.

Solon energy limited was set up in 1995. Within 5 years Solon grew tremendously and had a domestic market share of 50%. Mr.. Tanta knew that to be a leader and wind energy serving only the domestic market was not sufficient.

He then drafted a strategy into 3 critical factors: Going global, Acquiring technology and use of Rupee's expertise with Indian's low cost.

To expand Solon it was very important for them to have a global presence which it achieved by successful takeover and thus made its mark in the international market. Solon heavily invested in R&D to improvise its technology and e self-productive to ensure both supply and quality to accelerate the delivery. Solon always had goal to reduce cost of wind energy which was possible by combination of expertise from Europe and low cost manufacturing from India. Another similarity with respect to Solon and Brat Forge is that they give a lot of importance for their employees.

This made them stand out as world leaders in their respected fields. As Solon moved from a small scale industry to a large scale Industry, they had to hire more employees. However the company's vision could be achieved by treating all the employees as one team. This makes Solon the only company in the sector that manufactures their own key components. Similarly Brat Forge was a people integrated process. They believed in constant communication I.

E. Sharing information and being very open.

They made sure employees actively participate in company's activities to ensure there strong community involvement on behalf of the company, for instance Mr.. Kali by a simple gesture of building a new clean locker room in place of old filthy locker room won over the employees and motivated the employees of Lansing that had previously faced bankruptcy and denuded believed that there was a future.

Brat Forge established its headquarters in Pun and managed its operations from India made India its main hub. Solon on the other hand established Denmark as its headquarters which was a hub for wind energy.

Solon by establishing international business centers and through acquisition got access to world class technology which helped it to enter the European markets. Brat Forge used its " wow factor" I. E. It substantially reduced the time required for product development from 6-8 months to 2-3 weeks, this efficiency helped them win over more clients.

Whereas Solon initiated with building their own clients that is through “concept of commissioning” I. E. As the production of wind energy required huge capital investment, Solon arranged finance for them, by this they became both the provider and custodian of wind power generation of its clients.

This means that they identify the sites, conduct wind measurement study, budgeting, build the sub-station and grid connections. They also took the responsibility operating maintenance for 20 years, this provided sustainable competitive advantage.

In short they sold the machinery, arranged finance for it and also maintained it. The below is the highlight about how both companies use their strategies to enter into global market and to achieve its goals and targets. Both the companies used aggressive international take over policy which helped them to expand and get them clients.

They realized that the modernization was the way for future and therefore invested on right time which contributed to their success. Brat Forge and Solon were committed to the goal of reducing cost and improve the quality of the product.

The companies have very well followed De-risking strategy, in case of Brat Forge that is dependent on revenue from automotive business has creased its revenue from non-automotive business to 40% to 17% and Solon which as mainly dependent on domestic revenue in 2008 earned an overall 70% of its revenue from international sales. Hart Forge undertook an aggressive international strategy of takeovers which helped them to take potential of <https://assignbuster.com/a-case-study-about-bharat-forge-and-suzlon/>

those companies required for its expansion in that region. Kali also realized the importance of labor and thus paid special attention towards it, the transformation of muscle power to brain power has contributed a lot to the success of Brat Forge. Brat Forge also enhanced the product range which revived an advantage to serve its customers in a better way which helped them win their customers globally.

Solon “ Concept to Commissioning” was unique and helped them to win over the domestic market.

They created their own customers by arranging finance, assisting in installation and providing service. It is also the Needful business model because the concepts and designs comes from Netherlands, Engineering from Germany, the centralization from Denmark and large scale application from India which won over the markets internationally and contributed to the Solon being the fifth largest company in the world.