



How Häfele Drove Business Transformation With Interventions across Three Levels Of Management

An enParadigm™ Client Story

“

enParadigm has been a trusted partner in taking my entire team closer to my vision of bringing to the world's best architectural hardware brands to the Indian subcontinent. Their interventions have systematically helped in improving our capability to understand customer needs, position our premium offerings to them, work cross-functionally, and drive profitable growth.

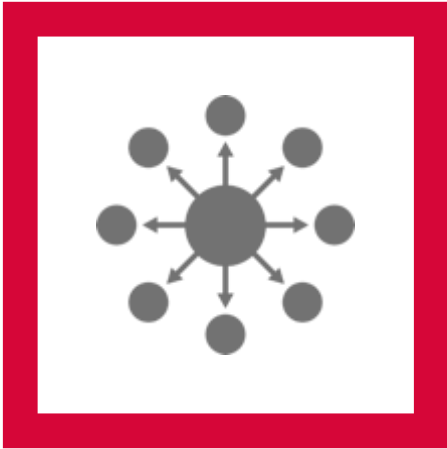
Jurgen Wolf
Managing Director - Indian Subcontinent

Business Context

Häfele, established in 1923 in Nagold (Germany), is a global leader in furniture fittings, architectural hardware, electronic locking systems and technical hardware advice. Their customers come from the furniture industry - Interior Designers, Hardware Retailers, Builders and Architects in more than 150 countries. Häfele India is a 15 year subsidiary and sells over 50,000 products in 23 states across India.

Before entering the Indian market, MD **Jurgen Wolf** had identified a demand for architectural and utility products in India. Häfele India could clearly set a mark for themselves soon after they arrived in 2001 with their USP being functionality combined with great design. The company wanted to improve market penetration and convert more and more aspiring buyers to proud customers. In that direction, **Jurgen Wolf**, HR Leader **Padma Gupta**, along with sales leaders **Atul Borkar** and **Nilesh Dave**, wanted their managers to step up on business understanding.

enParadigm, using its **REI™** methodology, scoped out **specific business challenges** for different batches of managers, and delivered interventions to help **bridge them** and realize business impact.





Challenges Identified

Overview of Business Challenges

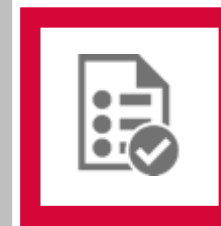


MARKET PENETRATION

Even with more than 300 dealers, 54 Häfele Franchise stores and 6 of their own Design Centers, they had only scratched the surface of the high potential Indian market.

PRODUCT MANAGEMENT

It was challenging to identify the right products to be introduced in a diverse market like India. Product managers also needed to develop suppliers to ensure availability of the right quantity at the right time

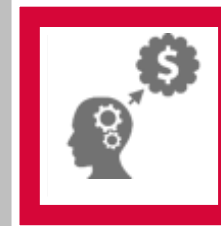


CUSTOMER CENTRICITY

It was difficult for sales managers to sell based on the architectural preferences of the target group of customers. They needed to work towards driving customer delight using Häfele's quality and functional features

TALENT WITH BUSINESS ACUMEN

Hardware largely being an unorganized sector, did not have a large pool of people with a blend of technical / sales skills and business acumen necessary to sell Häfele's premium portfolio of products in a price sensitive market.







Senior And Middle Management Challenges

	Strategic Thinking	Managers needed to plan and execute strategy , with a view of the long term impact of their decisions on the brand
	Cross Functional Decision Making	They needed to align functional goals with business strategy and collaborate across functions for seamless execution
	Financial Acumen	They needed clarity on the impact of decisions on the financial health of the company , and take steps to increase the topline and bottomline.
	Customer Centricity	They needed to understand the market better, with more clarity on customer needs and Häfele's competitive positioning

Product Manager Challenges

	Holistic View Of Business	Product Managers needed to walk away from a specifications mindset and look at market trends, demand, consumer behaviour and product category trends
	Product Life Cycle	They needed to have a clear view of the product lifecycle and incorporate it into their business processes
	Inventory Management	They needed to be aware of the impact of issues like slow moving or aging of inventory, and put in KPIs and processes to manage them
	Supplier Management	They needed to develop the right suppliers to ensure quality and availability of inventory

Sales Manager And Executive Challenges

	Improving Forecasting	They needed to work on improving accuracy of forecasts and understanding the impact of wrong forecasting on the rest of the business
	Improving Collections	They needed to be mindful of the commercial implications of delayed collections, and take steps to bring down days sales outstanding
	Optimizing Schemes & Discounts	They needed to understand the ROI of schemes and promotions , and the impact of giving discounts on the bottom line of the company
	Managing Partners	They needed to understand how to manage distributors, dealers and OEM partners , and improve predictability of business

How We Planned and Executed The Interventions

13 Interventions

265 Participants

3 Levels

SENIOR MANAGEMENT



Strategy & Long Term Planning,
Holistic View of Business, Financial
Impact of Decisions

PRODUCT MANAGERS

Inventory Management, Forecasting
Demand and Product Life Cycle
Management



OTHER FUNCTIONAL MANAGERS

Cross Functional Acumen
Financial Acumen

SALES MANAGERS

Financial Impact of Sales Decisions
Schemes and discounts, ROI for Channel Partners,
Pipeline Management

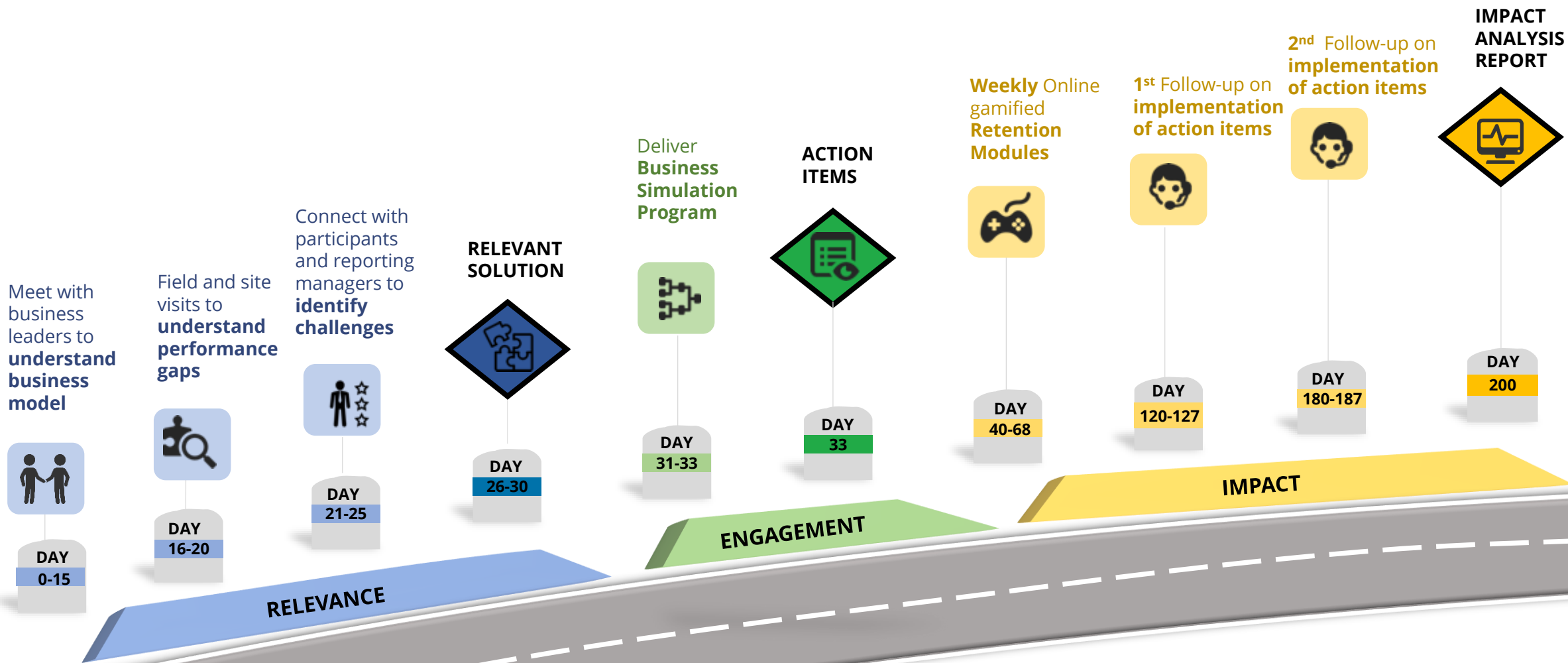


SALES EXECUTIVES

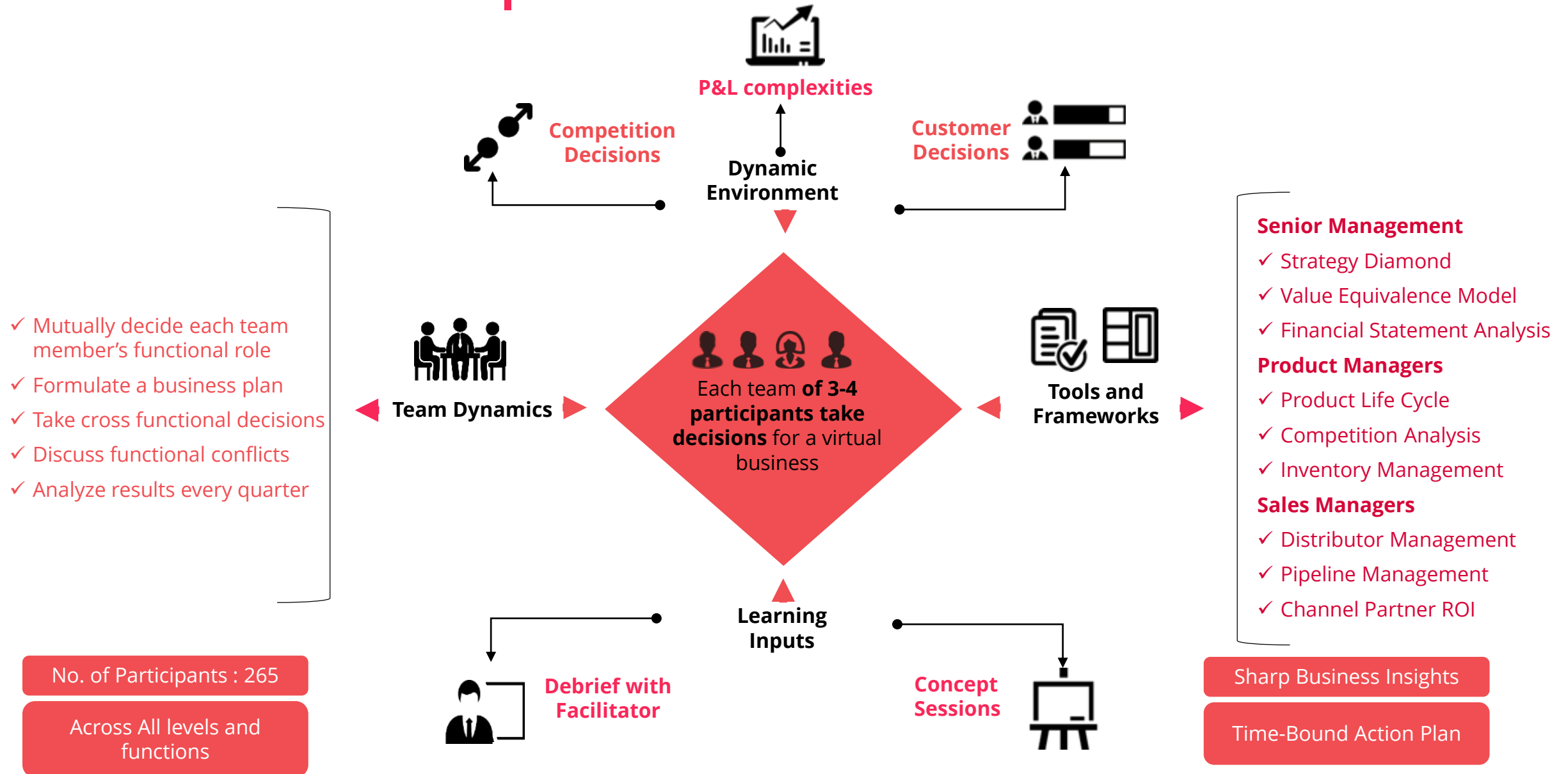
Forecasting, Product Mix,
Bottom line & Topline,
Calculating ROI for channel partners,
Customer decision making

6 Month Intervention

REI™ Road Map



The Simulation Experience



Post 6 Month Impact Analysis

Where The Needle Moved



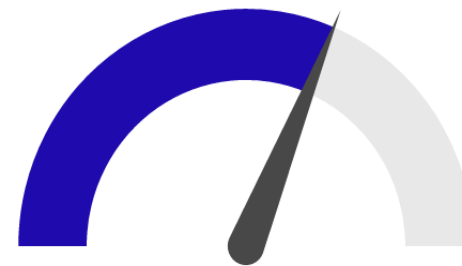
15/31 Senior Management
Drove Financial Impact



10/19 Sales Managers
Enhanced Financial Impact



5/6 Product Managers improved
Inventory Management



67/107 Sales Executives managed
Customers & Channel Partners Better

*Based on our impact analysis conversations with 163 participants and reporting managers.

Senior Management

Improved **Decisions** Based On
Financial Parameters



The team has understood that we need to have continuous cash flow coming in. If we do not generate business every day, then it is very difficult for the company to sustain. The workshop has given lot of insight on things we have never worked on. Though we look at gross profit based on cost of goods, we never looked at other costs such as inventory costs, warehousing costs etc.

Going forward, we need to take all these costs into consideration while projecting.

Prasanta Bhattacharjee
National Manager - Projects and Hospitality



Earlier I was not giving importance to why I am not getting pricing below a certain limit and some schemes. I have understood the basic reasons. I strongly believe that all the decisions are made on basis of finance.

Going forward, I will evaluate my decisions on financial parameters and will focus on bottom line along with top line. I will look for areas of improvement in terms of creating value for the company

Manish Anand
Regional Manager - Trade and Franchisee



Having a better clarity on commercial parameters now, I can now read Häfele's P&L. As soon as I came back from the workshop, I made a list of all my vendors, and have negotiated the credit period from 45 to 60 days for many of my larger vendors.

Sanjay Patrick Swami
Head - Marketing

Product Managers

Improved **New Product And Inventory** Management

enParadigm has clearly been our guiding light when it comes to laying a process for operations and product management at Häfele. After the intervention, we have gained very good control over the product life cycle- right from introducing new products, managing slow and fast moving products and maintaining a healthy inventory. New products are now introduced only if there is a market research document in place, from the sales team.

- Vivek Gokhale (Head- Products)





After the workshop, I had decided to work on proper planning for product launch and forecast with focus on segmentation.

- We have identified and altered reorder cycles- 15 days for star SKUs and 30 days for slow moving ones
- We are targeting growth for slow moving products like bathroom faucets (60%) and kitchen sinks (30-50%) and have invested in advertising. Expecting sales to pick up now.
- For a better supplier management, we are relooking at existing supplier network and taking off non performing ones. We have started following stocks very closely. If they are not moving, we are liquidating the same at cost price if required keeping our CFO in the loop.
- We have reduced inventory period significantly which has come down 15%.
- We did substantial market research before launch of a new premium range of stainless steel sink.

Abhijit Khodape
Product Manager - Sanitary



Currently we are more thoughtful and logical about our approach. The work shop has sensitized me to what needs to be concentrated upon. Trends in the market are being identified and monitored. There is close monitoring of fast moving SKUs.

Stock turns were an issue last year, but we are able to liquidate the stocks because of both market development and product development. As discussed with Arun, been monitoring stock availability of top 10 stocks. Implemented a process of looking at the order and providing the data for ETS for sales people.

One of the things that has been improved in the last 6 months is to bring down the Lead time from 120 days to 75-80 days. This was achieved by good co-ordination between the company and supplier and breaking down each of line items (Production, Inspection, Transportation) for improvement. We looked at International Exhibitions and Existing competition for introducing new products- Nagold J Series and Asco Pro Series.

Taniya Bose
Product Manager- Appliances

Sales Managers

Better **Forecasting, Credit Cycle, Inventory, Product-Mix & Cost Saving**

enParadigm has helped build a strong sales army for Häfele. The team now has improved on business understanding and takes sales decisions, forecasts, and understands customer preferences much better than before.

- Nilesh Dave (Head - Sales)





I now convince dealers to purchase on 2.5% cash discount by making an advance payment. Similarly, I explained to a dealer generating 3 crore revenue per year in Rajasthan that, by purchasing on cash discount he saves 6-7% per year which he can put in the market leading to faster cash rotation

I have been able to implement better time management in my life and for my team members - we ensure that all dues are cleared in the first and second week, so that we can get large orders in the last week of the month (80% sales happens in last week of the month). This ensures that we don't have any last minute hiccups. Me and my team plan out how much time to devote with the dealer, the architect, on site and other stakeholders in advance to ensure better time management.

It is not easy to forecast in the hardware industry - since there are so many products. So we now focus on accurate forecasting of fast-moving products to avoid stock-out

Anurag Babel
Area Manager - Trade And Franchisee



We are now better at customer profiling. We know where to spend time, prioritize time.

Earlier, in order to meet targets we used to close orders even with unsecured payments but now we don't do it.

The salesperson now involves the dealer for payments and it is the dealers decision to make the sale or not - hence the responsibility of getting payment lies with the dealer Earlier we interacted with only 1-2 stakeholders in decision-making. For example, developer. Now we are also engaging with the architect, PMC, and meeting more senior people (more stakeholders, influencers).

Sushil Kumar Gupta
Area Manager - Project

I agree that he has been able to get more business by focusing on cash discounts. There is an improvement in time management to ensure we can get a large order in the last week.

Manish Anand
Anurag's Reporting Manager

He has improved in debtor management, efficient utilization of resources and accepts only secured payments. He also works on improving Häfele's brand image

Girish Choubey
Sushil's Reporting Manager



Earlier, if we had bad relations with a certain dealer, we did not give good after sales service to their clients. Now we realize that customers are the most important - and are proactive in addressing all after-sales issues (so customers do not withhold payments). If a key customer is not able to pay on time, I visit them personally to help on time collection. Now I focus more on key customers, spend more time to resolve issues, proactively give dispatch details before the customer asks for it.

Earlier DSO was above 60 days, now it is down to 52 days. I am more proactive and call the client at the beginning of the month or don't take new orders if previous payment is pending.

Yaqub Khan
Assistant Manager - West



I now have a better understanding of appointment of good distributors, how outstanding affects P&L and market potential of competition.

Earlier I was handling only 5-6 distributors. I have added 20 new distributors over the last 6 months due to my stronger understanding of business aspects . I can discuss the future expansion plans with my distributors and explain ROI. I now approach dealers from other industries like electrical and FMCG backgrounds and convince them to take up hardware dealerships.

Anil Bhardwaj
Manager - Distribution

Sales Executives

**Better Market Understanding, Channel
Partner Management & Client Stakeholder
Management**






This workshop has immensely helped me and we have been able to implement the learning effectively. I calculate the profit margins and product margins before giving special discounts to our distributors. I applied this particular aspect to deal with two of my distributors recently and because of giving special discounts, the goodwill has also increased. We work better with data and we have managed to maintain data effectively. We are also able to make effective stock reports and analyse the results better.

Abhishek Tripathi
Senior Executive Sales - Distribution




Yes, we are taking care of our distributors to make sure that they gain good profits. Also, earlier we were targeting only the urban market. But now, we are in the process of entering the rural segment. In the last quarter, I have achieved my target of 100%. The company has given me a margin of 21%. I have achieved a margin of 22% thereby increasing it by 1%.

K Sagar
Territory Manager - Distribution



Abhishek is the smartest in my zone, and he always has a good reason for not giving extra discounts to the distributors. 3-4 month after he joined, his distributors had started to complete their targets. For example earlier, one distributor only used to do 10 lakhs of his target out of 150 lakhs. But now that distributor achieve his target.

Mujammil Khan
Abhishek's Reporting Manager



He has improved a lot. Earlier he used to take care of 1 distributor, but now 2-3 additional distributors are under him and he is working fine with them. He is achieving is 100% targets each quarter and will give him 4 out of 5 on improvement.

Arvind S
Sagar's Reporting Manager




I have been spending more time with all the customer's stakeholders, thereby increasing my rapport with them. Due to this, I have also got to know them better and, I have got a better awareness with regards to competitors' products. Adding value to the customers goes hand-in-hand with the first point, this includes giving a personal touch like after-sales service, etc. Our competitor refused to give training to OEM in Indore. We grabbed this opportunity and provided this training in a week's time after that. This enhanced their knowledge about the hardware industry. I had already started working on pipeline management. Rather, I have been rigorously working on it for the past 1 year. Last year, the market was not doing very well. That is why it is necessary to have a back-up plan in place. Last year, I have achieved my sales target of 110%.

Mehul Shailesh Kothari
Territory Manager - Oem



In terms of pipeline management, I have bifurcated my deals based on prioritization of projects. Earlier also, we were doing this but it was not closely documented. Now, all these things are clearly documented. I am in-charge of project sales. So, I target those persons who are key influencers or are key decision-makers. This simulation workshop taught me that it is more important to use the intangibles, like convincing power of the sales-person or his confidence level. So in order to become a trusted advisor, we need to focus in intangible aspects as well. Last year, I have achieved a sales target of 115%. This year, I have achieved slightly more than 100%. But I also have a few more months to achieve more.

Sanchit Jain
Territory Manager - Project



Mehul is a very balanced and composed person. He is quiet and speaks to the point. Earlier, he used to be depressed if he was able to target only one particular customer but now, he has successfully expanded his market in Bhopal, Madhya Pradesh. He is meeting customers regularly and he has also helped to increase the number of customers in the areas of design, etc. He has also been actively involved with the purchase department whenever needed in terms of category prioritization.

Nripendra Singh
Mehul's Reporting Manager

“

In an unorganized sector like hardware, it is difficult to find and hire professionals with the business acumen needed to sell a premium brand like Häfele. enParadigm have been our business consultants as well as the extended business learning arm at Häfele. They have helped bridge the business acumen gap and help our people become better at driving our business. We look forward to continuing our long term association with enParadigm.

Padma Gupta
Director - HR

Companies **like yours**

Discover more companies like yours, who have succeeded with enParadigm. We have helped these firms change mind-sets, develop critical competencies, and drive tangible business results.



Chola MS General Insurance prepared its high-potentials for the next level



Abbott's sales managers grew to forecast, price and collect better



How Welspun Instilled Business Acumen In Senior Management For Growth In Emerging Markets

© 2015 enParadigm Performance Solutions LLP. All rights reserved . All client collateral is the property of the respective companies.

enParadigm[™]

We partner with businesses to bridge performance gaps within the leadership team or below. Using R-E-I as a methodology and customized simulations as tools, we help you drive valuable and actionable insights, and enable your team to create measurable impact.