

Interview with Mr. Prabhu Chandran, MD, M/s Essae-Teraoka Pvt. Ltd.



Tomoyuki Kogure (Kogure): Japanese have very unique customs & culture and are from small island, they believe everybody understand them, which may not be true. So, Japanese needs to change and work with non-Japanese people. By having interviews with Global business people, we learn how to work together closely. One of my ambition is to work with Indian people and Indian companies, as India consists of many different people with different cultures and languages. So, I've decided to interview Indian people like you, who has more knowledge globally. To start, I would like you to explain your profile, your experiences and challenges.

Prabhu Chandran (Prabhu): Thank you very much for giving me this opportunity and honour for participating in this process. I think there will be takeaways for both the sides. I am an Electronics Engineering graduate from India in the year 1991. I had the good opportunity of doing internship at R&D division of Teraoka Seiko, Tokyo, Japan for 5 months. During this time, I worked on Software programming projects. Apart from this, I also learnt hierarchy in business and office protocols. It was overall a very good experience for me. After this internship, I went to the USA in 1992 for doing my Masters in Electrical engineering at the University of Florida, Gainesville.

I returned back to India and joined M/s Essae-Teraoka Pvt. Ltd. as Executive- Business Planning in January 1995. Apart from observing & learning the existing Business operations, I spent time in Factory and Marketing. Thereafter, I was put in charge of identifying new products & markets like Electronic Cash Register. In 1997, I was entrusted with the great honour of leading the company as Managing Director. Our Chairman (and my father) Mr. S A Chandran then retired. He founded the Essae group of companies in 1965 and we recently successfully completed our 55th anniversary. I am proud to share that I am fortunate to have completed 25yrs of learning & contribution in this company. Although it was family founded, I am now the only family member in this company. We strongly believe the company should be run by professionals. This journey is a very good experience for me.

Kogure: When we met first time in your company, you had given me a book on your philosophy, culture and ethics, written by your Chairman- Emeritus. It is similar to Panasonic

& Sony, when they started the company the founder Chairman wrote a book. Got very good impression on your company. I think your father has done an excellent job. Could you tell me about your father, who had created and expanded your company.

Prabhu: Now Mr. S A Chandran is 79 years and he is the current Chairman- Emeritus and our advisor & mentor. He is a Mechanical engineer and has worked in several Organisations. As an engineer, he always had a burning passion & curiosity for good design & process innovation. Nobody had business background in the family. In those days it was very tough to start a company and very difficult to get Government license, but he had the courage, conviction & perseverance to start an enterprise with virtually no capital in hand, just blessings of his mother & brothers. My grandfather had initial apprehensions about Business, but my father was very firm to be an Entrepreneur. It seems my grandfather advised him about right values and this advice has set the basic foundation for our Essae values. So my father never forgot the community & people, money may come and go. He started the Industry in 1965 by Manufacturing Turned Components and Automotive parts & assemblies. It was doing extremely well but in the mid-80's, he wanted to do something new which was profitable but also ethical and useful to society.

Then came the idea of Electronic Weighing Scales, since there was lot of tampering & cheating consumers with Mechanical scales at that time. There he saw an opportunity and started the collaboration with Teraoka-san. He had visited Japan several times to meet & convince Teraoka-san. He always had high regards for the Japanese people, because of their Quality, punctuality and time discipline. A key point to share in this interview, is that it took lot of time for Teraoka-san to understand why they need to manufacture in India. After lots of discussions, Teraoka-san had the vision and courage to make a bold decision to start a new Joint Venture with Financial investment with Essae for manufacturing electronic weighing scales in India. Teraoka-san saw a spark and sincerity of purpose in Chandran-san, which made him to start in a big way or nothing at all. This Joint Venture was officially founded and registered on April 16 1986. Today we are one of the most trusted and successful brands in many Industrial & Retail markets for Weighing & POS System, GPS Clock and Milk Analyser. In spite of his busy schedule in Business, he continued his interests in teaching & sharing by starting the Essae Chandran Institute. This is just a short gist of Chandran-san's illustrious career.

Kogure: I understand that you have mentioned that Japanese are disciplined. As in India you have many cultures, how do you implement discipline? How can you go over such a big challenge?

Prabhu: A good but difficult question. We know that the speed of the train is speed of engine. If the leader has a conviction and nurtures the right core team, change is possible. It needs to be carried out by explaining clearly to the team 'Why' something needs to be done.

I think consensus is good approach in Japan, but it delays the decision making too much. Ultimately somebody has to take a decision, whether it works or not. Everybody is involved in providing inputs and feedback on the subject, after which the leader takes a firm decision. Chandran-san says, always we need to have relevant data and then take a decision. Discipline comes with the conviction of leader and if people understand 'Why' it needs to be done and it's objectives, it becomes easy to implement. Chandran-san is a big believer in punctuality & discipline, as he is a frequent visitor to Japan and has high regards for the work done by the PHP Matsushita institute in Japan. He invited leading faculty from PHP & Kaizen Institute to India for Kaizen and other topics on Quality. This way, 'Essae Chandran Institute' (a non-profit institute) is very famous & well respected in the Industry. It has done pioneering work on Quality and TQM, most of which came from Japan.

Kogure: Yes, for me it's a good lesson. Because I am also leading the company and we also understand making consensus is good but not always working, especially in some difficult times. We have to take a lead and nice to hear from you that explaining the people on 'Why' and discussions are good and is a global idea for the people to work together. Because you are an insider of Japanese culture, what is your or Indian impression on Japanese, like you mentioned discipline, consensus making, slow decision etc.

Prabhu: Made in Japan has very high respect in India. That is one of the many reasons, our company is so successful. Since Indian market & price requirements are very unique and different from other parts of the world, we established our own R&D and Engineering team in early 2000. But initially, we were dependent on Teraoka Seiko. Our perception on Japanese is very slow decision making. Indians are by nature impatient and need quick response. If any Indian company sends a query to American, Japanese, Korean and Chinese, their responses are different. American takes time, Chinese are first to respond, Koreans are little later and Japanese we don't know (if they will reply?). We need to speak to somebody in their office to know their response. Sometimes, I think there is some stereo type thinking by Japanese people about India. If you want one good company to work, it requires lot of patience. If you don't respond to anybody, you may miss a good company & opportunity to succeed in Indian market. Sometimes, there may be some bad experience with Indian company. I think Japanese should have more open mind, instead of stereo type mind. Generally, the response from Chinese company is extremely fast. Issues in China are lack of transparency, communication (language) & Quality etc. I think Japanese quality with Chinese speed will be great.

Kogure: Oh I see (laughs). May be that can be done by Indians. As I understand, Indians are doing very less business with Chinese. I was a bit surprised that you have contacted Chinese too.



Prabhu: Yes, you are right. The perception of Chinese is very poor in Indian market, which is the reason we are able to get higher price in the market. You don't see many Chinese companies in organised branded market in India, for example in automotive sector you can see Japanese companies like Honda, Toyota, Suzuki etc. But in our kind of business (Weighing scales & POS), many customers are very small traders. They don't really bother on brand, it depends on type of customer. In our case, in low end weighing machines we are not active. We don't know how they give for that kind of low price but Chinese products are not present with big reputed customers like Amazon, Reliance, Metro Toyota, Honda etc all of whom need long term support and high Quality of product and services.

Kogure: Your comparison of Chinese, Korean and Japanese is good input to me. What is your perception on Korean and German companies?

Prabhu: Koreans are good, but we have very limited business with Korea except some printer Business etc. Let me correct on China, we have very good and long-time suppliers from China on many components, whom we respect. But we have stopped all our new developments with Chinese suppliers, because the national sentiment is very much not for this.

Kogure: How about Germans?

Prabhu: Again, we have limited business with Germans. We use Industrial design & Engineering services from a company in Germany. They are very good in Industrial design. Very different economy and more on Machine tools. However, some of our biggest competitors in India are European & German companies like Sartorius, Mettler-Toledo, Bizerba etc. So our competition in Indian market is truly global.

Kogure: Thank you for sharing the information. Somehow Japanese believe, we are the best and don't pay attention on how others are doing?

Prabhu: Yes, I know. After the era of Hiroshima Nagasaki, the whole attitude changed in Japan. That was always a big inspiration to our Founder. How a country changed from being notorious for shoddy quality in the 40's and then transformed itself to making world class Quality products. This has always excited all of us.

Kogure: I think India has huge potential in the world to become quality data in the future, may be not now. Your learning and your hunger for many technologies like yourself and I

am sure your country is one of the leading country. I think Japan is shrinking, our population is decreasing year on year and many companies are going outside. so it is very important for Japanese companies to work with other non-Japanese companies. I think the technology and ideas needs to be shared more. Technology is changing every three years, may be shorter now a days. I think rather than looking for short term, it should be used for future. So, I totally agree with you on learning things and importance of discipline. In the recent we are also losing that too.

Prabhu: Yes, I also think so.

Kogure: You probably witness the changes of Japanese from your father's era and your time. Japanese are eager to work, go for good quality and I am not sure about open mind. Because we have very closed mind-set. Our issue is younger generation is not interested in manufacturing, not interested in buying things. They want to have freedom.

Prabhu: I think it is the same everywhere. I have a question for you now. What is the perception of Indian Business man and business culture by the Japanese? Honest opinion please?

Kogure: Okay. I usually tell my Japanese people, specially my Japanese customer. Indian people are of many kinds. Some are good, eager, open minded and disciplined mind set, other Indian people are very loose on time, don't keep the promises and give lots of excuses. You need to find good Indian people & companies to partner with. You have very large & young population, those talented people are so smart. For example, many CEO's of famous technology companies like Google, Microsoft, IBM etc. are Indians. Somehow Japanese admire more American and European companies but you look at inside of those companies who create these technologies, many Indian people are involved. So I say, watch out with whom you are talking to and I believe that India has very good capability, smart people that we can't do the same thing. But impression for Japanese, especially created in beginning of 2000's it is not good. Many Japanese companies look for IT vendor who can create systems in Japan. That time I think like, Infosys, TCS, Wipro etc. had participated. May be because of communication style was different and Japanese may not be so good in speaking English, many of projects failed. That gave an impression that India is very difficult to manage, they can't create good systems. So that impression we still have. But now most of the top Indian IT companies are working in Japan. Manufacturing is slowly catching up in India. We should recognise India differently, than those earlier experiences. That is how I feel about Indian people.

Prabhu: One more feedback for Japanese companies. I think Japan must understand that there are many big companies in India. Other than that, there are lot of entrepreneurs (small & medium) in India. If you watch certain community of people like Gujarati's, Punjabis, Keralites etc there is lot of entrepreneurial blood in them and they want to grow and are ready to take lot of risk in business. So I think for Japanese, it is not always right to look only for big names. For example, when our Chairman- Emeritus first met Teraoka-san, had no experience in Sales & Marketing and also no experience in Electronics. I think Japanese need to look for Values (may be difficult to judge), seriousness in business and other one is burning entrepreneurial fire, which can make the business success. I would like to conclude saying one more thing about Teraoka-san that apart from my Chairman-Emeritus, I must give lot of credit to him. I have learnt a lot of good ideas from Teraoka-san, on how to focus in business. In such competitive & mature markets like Japan, Europe etc, which is not growing much, they are still able to grow every year and remain profitable. That is because he has always believed in Innovation, R&D and power of focusing in business. These things I have personally learned from him and used lot of these ideas in Essae-Teraoka. So I must convey my sincere gratitude to him. Also I must give credit and gratitude to our Founder and Chairman- Emeritus and all our TEAM members (both present & past) without whose co-operation, Essae group would not have been successful.

Kogure: Yes, looking to your company and talking to you, I am so proud being a Japanese as some Japanese created that impact. I hope I can contribute somehow, maybe not the magnitude Teraoka-san did. Maybe not creating companies in India, but I can connect people and telling the good things to others, on non-Japanese thinking. There I can see the value using Global connector. It is very funny that we have to emphasize about connecting people globally. We are not used to this diversified situation like in your country, which is naturally diversified. So India is very fit to global business but Japan we need to learn more things like, Open mind, respect to people etc. I appreciate and nice to have you and I want to see you in your office again, in India.

Prabhu: You are most welcome and waiting to see you again soon. Thank you very much for this opportunity.

Tips:

- 1. Business values “business before profits” is ruling man’s behaviour**
- 2. Japanese need to look for values, seriousness in business when they look for partners in India**
- 3. Japanese should have more open mind, instead of stereo type mindset**