

## Business Line

Financial Daily from THE HINDU group of publications  
Monday, Nov 05, 2007

### Lessons for the small-scale manufacturer



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Small-scale manufacturers are increasingly recognising that success is no longer only about providing quality services and solutions at affordable prices. Success is determined by creating new products, solutions and services that provide radically better experiences for the consumer. Business is at an inflection point and there is a blurring of distinction between products and services. Customers are knowledgeable and demanding. They are pushing to move from pure cost advantage predicated by vendor services to partnerships which deliver business value and productivity gains through innovation.

Over the last 30 years up to the present, small-scale manufacturers have sustained and grown in three phases:

*Phase 1:* By providing cost advantage (1970s and 1980s).

*Phase 2:* By demonstrating domain experience and a reputation for fast and superior delivery (1990s and 2000).

*Phase 3:* By slowly but surely showing signs of moving into higher value services such as systems integration, engineering services, contract R&D (2000 onwards).

For several decades, small-scale manufacturers suffered owing to:

*Insufficient mentoring* and network support.

*Lack of* entrepreneurs focused on IP development in emerging technologies.

*Lack of* knowledge sharing between and among key user industries.

*Lack of* funding at seed and start-up stage.

*No platform* for stakeholders to interact.

*No impetus* for innovation.

*Tenuous partnership* between industry and academia.

*Lack of* meaningful collaboration between industry and research institutes.

This has changed remarkably over the last decade, more specifically over the last five to six years, and the effort is now skewed towards market facing and breakthrough innovations. Penetrating new customer segments, creating IP in emerging technologies, developing and codifying specific domain expertise and technological innovation are happening due to increased collaboration between collective stakeholders.

Thus, it is now proven that creating lasting value cannot happen in silos and isolation, and ecosystems that provide linkages among various stakeholders alone will encourage collaboration for idea generation and transformation into meaningful business outcomes. The degree of participation of the different constituents and the nature and strength of their interaction will give the ecosystem its vibrancy and its *raison d'être*.

Focus should be on building thematic clusters which leverage local industries and allows the clusters' participants to leverage concentration of talent available in the vicinity and attract talent around a particular theme. Apart from generating wealth and encouraging entrepreneurship, these clusters will then present a win-win situation fostering healthy growth and sustainability.

Small-scale manufacturers stand on the cusp of change . Failure to act now will result in the unfortunate case of lost opportunity. Firms need to transform their mindsets, approach, collaborate and contribute with constituents of the ecosystem. Constituents of the ecosystem, all stakeholders including academia and government, need to put their collective passion and might behind this initiative to give it momentum and strength.

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*This article has been inspired by and adapted from the NASSCOM-BCG Innovation Report 2007.*