



Execpreneurship: The Innovative Entrepreneurship of Service oriented Economy

Case Study on NE Rubber Mills Pvt. Ltd



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NE Rubber Mills Pvt. Ltd Specialist in Development, Manufacturing and Supply of Rubber Moulded & Extruded Components.

An entrepreneurial venture which develops, manufactures rubber moulded & extruded components which is being supplied to various Automobile Industries.

Rubber Component Manufacturing Company in Faridabad

NE Rubber Mills Pvt. Ltd, located at Sohna Road, Faridabad was established in the year 2002 by Mr.Sandeep Goyal. The company mainly deals with the manufacturing of rubber moulded and extruded components which is being supplied to various automobile companies. The components here are the parts like rubber caps, rubber rings, rubber bushes etc..



From the year 2000, there has been a tremendous rise of automobile companies in the country. Big automobile companies entered the Indian market and this highlighted the demand of rubber parts which is to be used in automobile manufacturing. Having a job experience in the automobile industry in the past and having good contacts with suppliers of various other sectors, Mr.Sandeep Goyal utilised this opportunity to the best in fulfilling his dream of starting a venture of his own in the form of NE Rubber Mills Pvt Ltd.

Achievements of Mr. Sandeep Goyal: The Man Behind the success saga

- IIT Roorkee, 1986
- Worked in Yamaha as Project Engineer, Dehradun
- Firm Established 2002
- Received “ The Best Delivery Award” in 2011
- Received “ The Best Quality Award” in 2012
- Appointed as President of Rotary Club 2013-14
- Received “The Best President Award” in 2014

Factors of Production

Graduated from IIT Roorkee, Mr.Sandeep Goyal was recruited from campus as a project engineer for a reputed automobile firm. After getting 5 years of experience in the field, in 2002 he established NE Rubber Mills Pvt. Ltd keeping in mind the future need of rubber components for automobile industry in the country. The mill he established is spread across 4050 sq.ft, where the ground level is fully equipped for the production only and the upper floor for the administration work. In need of expansion, they have also purchased a 2 room shop opposite the building, just to store the raw materials, so that production process doesn't get hinder and less time to be consumed for the free flow of materials.

All requisite modern machineries have been installed in a well-planned manner in each production departments, such that raw materials entered in the factory from one end will be delivered out as a finished rubber product from the other end. A systematic approach has been made throughout each activity in the company.

The raw materials used in manufacturing, like FEF Carbon, rubber, zinc oxide, 4020, stearic acid, calcium carbonate, IMT, MBT etc. is been supplied only by a few selected providers who assembles the same after following all the required quality standards.

The Company is a pure self-financed company, having a turnover of 4 Crore per year and growing at a rate of 25% per year, provide employability to 45-50 people, of which 12 are fixed and the rest varies on regular basis, who are basically the helpers. The labor force here is limited but is well trained and well efficient. The average salary of supervisors ranges from Rs.15000-30000 and for the helpers Rs.5000-10000.

Mr.Sandeep Goyal is a good visionary & an energetic human being who keeps on motivating his subordinates and people who are associated with him. Apart from the business life, he is also an active social worker. A member of Rotary Club, Faridabad, he was the former President of the club and was even awarded ‘*The Best President of the Year*’ during his tenure for that particular year.

The Model of Business

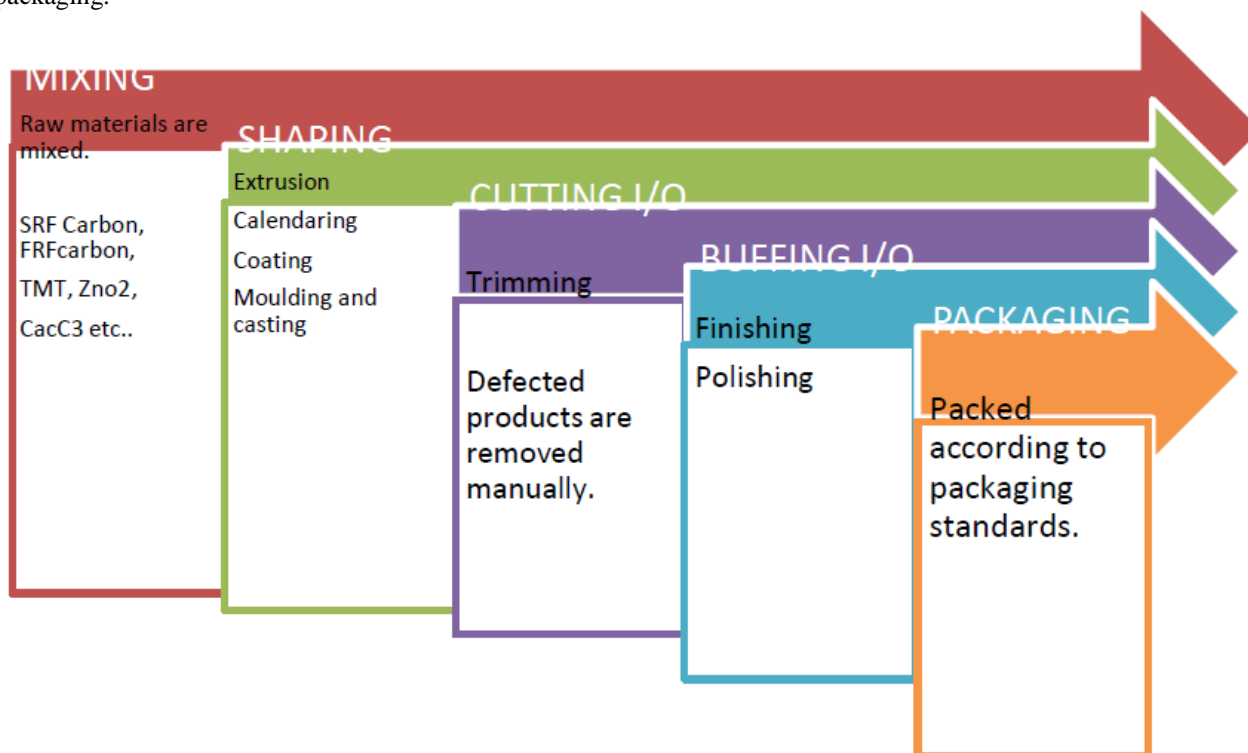
The production process

Rubber is always compounded with additives. The single most important reinforcing filler in rubber is carbon black, a colloidal form of carbon, obtained by thermal decomposition of hydrocarbons (soot). Its effect is to increase tensile strength and resistance to abrasion and tearing of the final rubber product. The additives are thoroughly mixed with the base rubber to achieve uniform dispersion of ingredients. To avoid premature vulcanization, a two-stage mixing process is usually employed - 1. carbon black and other non-vulcanizing additives are combined with the raw rubber. The term master batch is used for this first-stage mixture. 2 - after stage 1 mixing has been completed, and time for cooling has been allowed, stage 2 mixing is carried out in which vulcanizing agents are added.

Shaping processes for rubber products can be divided into four basic categories:

1. Extrusion
2. Calendering
3. Coating
4. Molding and casting

Screw extruders are generally used for extrusion of rubber. Stock is passed through a series of gaps of decreasing size made by a stand of rotating rolls. Combination of extrusion and calendering results in better quality product than doing extrusion or calendering. This is then followed by coating. This method is then taken over by molding in which desired shape is provided. After this, cutting in and cutting out is done by trimming machinery. Buffing in and buffing out is done to provide final finishing and polishing and after that it is sent for packaging.

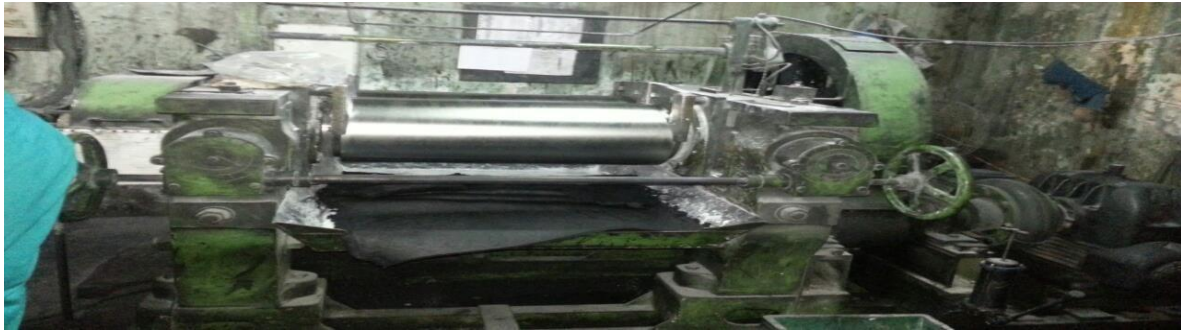


Product Development Strategy

Under product development, the firm determines the customer needs & expectations and follows certain steps:

- ☐ Customer drawing samples and customer requirement & expectations.
- ☐ Legal and statutory requirements.
- ☐ Special characteristics, packaging requirements and development time.
- ☐ Proposed agreed cost, annual volume, process capability and engineering process.

It is effective in timely development and distribution and efficient in reduction of development time.



Firstly they make a Process Flow chart. Revise their contract plan and process sheet. Keep in mind the packaging standards. The product goes through quality check, reliability, maintainability and measurability. If any error is encountered, the product is sent again for error processing activity.

Training Skill & competency is met by meeting Customer specific requirements and acquiring Product knowledge and safety. The customer satisfaction for the product follows certain criteria.

The customer rating is determined first and their satisfaction requirement is mapped. These things are done by survey form and customer visit. The effectiveness is attained by following corporate social responsibility. The action plan is then followed and steps are taken to improve dissatisfaction. The customer handling is done by maintaining cordial relationships.

The Product line of **NE Rubber Mills Pvt. Ltd** is rubber parts which include Cap blinker, grommet, cover injector, coupler, and rubber boot for LPS, rubber cap, ring grommet, DIA 30 etc.



Pricing of each rubber component is decided according to weights. The cost of Raw materials, manufacturing cost, cost of electricity and transport are added to decide the pricing of a particular rubber component. The life cycle of rubber is one year and it is formed into a rubber part, the life cycle increases to 3 years.

Distribution Strategy

Faridabad is an industrial area and has a good accessibility to various companies, that's why they decided to open their firm in this area. They have a good number of local traders and suppliers.

The finished rubber parts are then supplied to the companies with whom you have good tie ups. The reach and contacts has already been established with the big automobile industries. They follow timely distribution and hence are still the favorite of some of the big automobile companies.

Promotion Strategy

They maintain packaging standards of all the components; they have defined polythene size and polythene material etc.

Example

Part name- Packaging O ring LM 10-008

Unit- NOS

Package- PKT

Polythene Size- 10X12

Standard Packaging- 2000

Polythene Materials- LDPE



Overall Strategies

The firm believes in maintaining quality standards. They keep a check of the standards of the raw materials they are purchasing. One of the best strategies they use to attract customers is the timely distribution of rubber components. They believe in maintaining long term relations. Their ERP strength is their strength which gives them precise values of all the remaining quantity to take further decisions, they have strong back up team, and they keep full proof accountability of raw materials. They have machines which are corrected up to 3 decimal places; they are accurate system wise, response wise and service wise.

These things make their firm, shine high in the eyes of automobile companies; they maintain ethical business and serve 99% to automobile companies. One thing they are lacking in is technology, which benefits their competitors. This market is highly competitive and they keep a pace to survive in the market.

Growth Strategy through Profit Maximization

- ☐ Profit maximization is a short run and long run process by which a firm determines the price and output level that returns the greater profit.
- ☐ Turnover of the company - 4 corers,
- ☐ Profit margin 10%,
- ☐ Actual growth – 25%,
- ☐ Total production capacity 1, 50,000 units per day,
- ☐ Average production - 80,000 units per day,
- ☐ Break-even point of production – 60,000 units,
- ☐ Cost per unit – company had a proper standard to cost a product;
- ☐ They cost the product with the relation of the weight of the product. It includes manufacturing cost, electricity cost and transportation cost.
- ☐ Automobile companies give their orders 4 months prior to the actual requirement date.
- ☐ Just in time delivery: The automobile company informs about the unit required 3 days before the actual date of requirement.

Conclusion

The company started in 2002 after gaining the knowledge of demand of rubber components by automobile companies. The firm was fully financed by the owner Mr. Sandeep Goyal. The unique selling proposition they have, is their timely production and delivery. The modern machineries have been installed in a well-planned manner and a well-defined process system is maintained. The product is developed according to the requirement of the customer and surveys are done, if the product is upto the expectations or not. Then the pricing is decided including all the manufacturing and transportation costs. The raw material is obtained from local suppliers. The place has been chosen, keeping in mind the accessability of the raw material suppliers. Their seriousness for quality standards make them a chosen one by the big automobile companies. The company is growing 25% annually. the turnover of the firm is Rs.4 crore. They are working hard to increase the growing rate. They keep rejection in PPM of 3 out of 100. in other words, 3% of total production and their target is to reduce it to 1%.



Execpreneurship: Innovative Entrepreneurship of Service Oriented Economy

India has second largest population in the world and the Indian Economic Models till now focussed on providing a basic service-oriented-occupation to all. The masses were happy working in MNCs and Huge Conglomerates however, recent studies show the changing trends and the Graduates from top notch B-Schools and many A and B Class employees leaving their regular service and jumping into entrepreneurship.

This is a case of NE Rubbers in which an executive turns towards entrepreneurship after spending years in a very good service. He decides to establish his own ancillary firm to support the huge automobile industry and in this was he created employment for many and has motivated many through his social activism.

We regard his thoughts as that of an 'Innovative Execpreneur'; Culmination of an executive and an entrepreneur..

I. The case of NE Rubbers can be discussed to understand the basic characteristics of an Execpreneurship

J.M.Keynes in his ceremonial work 'The General Theory of Employment, Interest and Money'(1936) had coined the term 'animal spirits' to describe confidence and guts of entrepreneurs for their future business prospects.

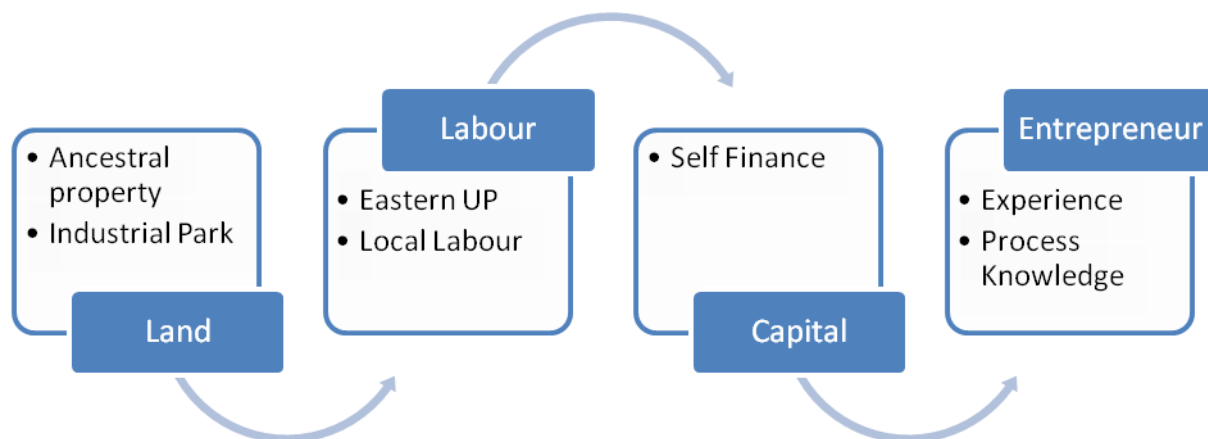
The present breed of enterprising executives often target the top positions and put in their heart and soul to achieve the objectives of their organizations and are at the same time widely acknowledged for their accomplishments by the organization which is the best retention strategy of firms. They become the brand advocates and standing testimony of values and culture of their respective organizations. The executives get high satisfaction in the wide respect and recognition they get apart from hefty salary and other benefits they take home. The top brass is well respected by the owners of reputed groups and this has testimony to 'wide recognition of good employees made on various forums' by successful entrepreneurs like Ratan Tata, Kumar Mangalam Birla and the like.

The executives with an eye of entrepreneurship are recognized as intrapreneurs and are seized by top companies, they are pampered to the extent of their highest opportunity costs which makes it unviable for them to quit the job and establish their own business from the scratch.

However there exists a breed of self motivated executives who dedicate a major part of their career and take keen interest in a parallel business they would take up later on.

They dedicate themselves for the cause of their organization and at the same time keep an eye on the next best alternative to satiate their animal spirits and yearn to experience holding the reigns of their kingdom in their own hands. This breed of executives have a different character from the aggressive first generation businessmen or family business executives. Having carved their own career from the service sector, getting entry into the business fraternity they interrelate both and are a blend of both. In service they dedicate themselves to the cause of the organization they work for and establish themselves as strategists understanding the mechanics of business and making their own network of business excellence. At a congenial time after doing fool-proof cost benefit analysis of their career inflexion point they take up entrepreneurship mostly in a backward or forward linkage segment of their employer. The prime reason is that they had a specific as well as a generic view in their career and identified the right business segment for themselves considering their own potential.

II. Perks and risks involved in pursuing Entrepreneurship: emphasizing the characteristics of an entrepreneur. Entrepreneurship:



Entrepreneurship has ushered in the trend of 'Small is Beautiful', the entrepreneurial mindset looks for an opportunity to undertake the whole process of business and in his endeavour to undertake the entrepreneurial process the entrepreneur unifies the disintegrated productive resources into productive commercial factors of production: which may either be a good or a service, it may be for end user or for use by another producer.

In the words of Zimmerer and Scarborough (2013)¹, 'Entrepreneur creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them'.

The entrepreneur is a person who actually acts on his ideas which many do not. His passion to culminate his idea into reality is very strong and this even makes him give up his sustainable source of income through salary as in the case of Mr. Sandeep Goel, the owner of N E Rubbers. The characteristics of an entrepreneur are as follows:
Longing for responsibility:

The job brings in specific responsibility however the entrepreneur looks for all round responsibility to have control over business decision making and more has craving to bring out results according to his own plan of action. The locus of control for an entrepreneur is more internal rather than internal in many others who undertake services.

Inclination of calculated risk:

The entrepreneur eyes on the upcoming opportunities however he undertakes those activities for which he is convinced that sustainable success has greater chance in comparison to one time success. The entrepreneur of small ancillaries ensure that they have chances of regular contracts and put in hard work not only in economic but also social

¹ Zimmerer Thomas and Scarborough Norman, 2013, The Foundation of Entrepreneurship, Essentials of Entrepreneurship and Small Business Management, 2013, 5th Edition, pp 5

perform for ensuring the same. NE Rubbers came up 2002 years after Sandeep Goel graduated as an engineer from IIT, Roorkee (1986) as he undertook a job in an automobile manufacturing company accumulated knowledge and developed himself as an entrepreneur before finally becoming one.

Self Belief:

The confidence of entrepreneur is quite high and thus he puts in extra efforts to bring out his best. The confidence of the entrepreneur also wins confidence and trust of others which leads to employee and customer attraction towards his organization. Sandeep Goel, undertook the trust of various manufacturing companies like Maruti Udyog Ltd, Foundation Brake Manufacturing Ltd, Mass Auto Components, etc. to get contract for rubber moulded and extruded components.

Significance of accomplishment over money, aspiration for instantaneous feedback, high level of energy, futuristic in approach, organizational skills and flexibility and tenacity are the basic characteristics of an execpreneur like Mr. Sandeep Goel who are social and display amicability towards suppliers, workers and customers.