

**M+V Newsletter on business trends
and corporate strategies**

If you wish to receive this quarterly
newsletter via email, please visit our website
www.mv-group.com

Content

Recruiting the Best	1
Cricket Explained	2
Setting-up a Production Facility in India	2
What is India's Role within the Global Economy	3
India Experts recommend Investments in 2009	4

Recruiting the Best

**Sabita Chanda, Assistant Manager
Personnel Search and Recruitment**

International companies planning to enter India face several challenges as a start-up. Recruiting top quality personnel is one of the major hurdles. The labor market entry scenario is very difficult considering the limited number of suitable Indian executives with the experience and knowledge necessary to professionally market international products.

As a first step the international company needs to clearly define the skills and qualities their future employee must possess in order to build a successful sales and service network in a country almost as large as Europe. Not only is market knowledge and industry specific experience important.

The candidate must also have very good social skills as successful business in India relies heavily on personal relationships and friendships. Possessing an entrepreneurial spirit, a positive and enthusiastic attitude and the skills to solve problems are imperative for a successful venture.

Indian executives on the other hand demand certain standards. Generally, suitable candidates work for established companies and have been employed for many years enjoying stable and authoritative positions in their current assignments. They are drawn to companies that have favorable reputations, future career prospects, pleasant work environments, vocational training, and monetary incentive packages. These important factors apply even more so to start-ups than for long established companies or well-known MNC's. There must be an incentive for a potential candidate to leave a secure job and join a start-up.

Successfully attracting and hiring highly qualified employees requires a very focused and professional search as suitable candidates are not freely available in the job

market. It is highly recommended to utilize the services of qualified executive search experts who know the practices of head hunting in India, the Indian market and its cultural characteristics. In addition, the experts should have extensive experience in establishing start-ups and securing suitable personnel crucial to spearhead the operation without compromising the required quality of the candidate or the allocated budget.

A reciprocal exchange of pertinent knowledge between the head hunter and the international company enables the executive recruiting partner to search effectively for and promote the position to the prospective candidates.

An in-depth search for the most suitable candidates begins with an analysis of the entire industry including competitors. The challenge lies in attracting ideal candidates with the above mentioned qualities while convincing them to leave their established positions for your start-up.



Once the interview process is complete, it is necessary to secure the full commitment from the chosen candidate and convince him or her to join your company as soon as possible as it is common for Indian candidates to get cold feet and drop-out of the negotiations. The head hunter will arrange the necessary legal steps in the hiring process. This transitional phase must run smoothly as any hiccup can derail the process.

The first three months of employment are also critical. It is very important to support the new employee continuously by making him or her very much part of your team. Otherwise you may find your company back at square one of the search process having wasted financial resources and valuable company time.

'How to keep Indian Executives'— Please read in our next Newsletter.

Cricket Explained | Part 1

Shavikesh Goel | Senior Project Manager

Cricket is a ball game played by two teams with 11 players on each side. In a way, cricket is similar to baseball – one man throws a ball at the batsman who tries to hit it as far as possible while other players in the field try to catch the ball or stop it from going out of the field, and prevent the batsman from scoring runs. However, it is more elaborate and of longer duration than its American counterpart. Various versions of the game have evolved over the years. I will attempt to explain the game as simply as possible so as to enable the uninitiated to strike a conversation on cricket.

Cricket is a religion in India. No other sport generates such mass hysteria and madness in the country. It unites strangers and makes friends out of enemies. Streets empty out whenever India plays against a formidable opponent, especially Pakistan. It is no wonder that cricket is considered the unofficial national game of India (the official national game being field hockey).

The roots of cricket date back to the 16th century. However, the modern version of the game dates back to 1844. Today, most Commonwealth nations play professional cricket.

In the columns which follow in the next issues of India Insight, I will take you through the game by explaining the rules, the various formats of the game, key nations and the best international players. I hope you will enjoy this series and pick up enough knowledge to talk your way through a casual conversation on the game.

... to be continued

Setting-up a Production Facility in India | Part 1

Shavikesh Goel | Senior Project Manager

India has been the flavor of the world for some time. With a large market for both consumer and industrial products, many international companies have started to look at how to participate in India. The possibilities range from establishing their own sales and marketing presence to having their own production facility. This is the first in a series of articles where we will shed light on the various aspects companies need to consider when setting-up a production line in India. In this introductory article we will provide an overview of the process when undertaking such a venture.



Detailed preparation is essential to the realization of a production facility. However, there is always more than meets the eye. Preparation and planning will only take you so far. One needs to learn to be patient in India as the process is likely to take longer than elsewhere in the world. A number of factors need to be kept in mind. The most important and trickiest part of the whole process is the land; the search for and acquisition of it.

The international company's senior project manager needs to define the criteria (including the land size) necessary to select the best production location. A location analysis could be performed in India to determine the suitability of the land while a proposed production layout is done in parallel.

Engaging a good project management company to coordinate the whole effort ensures that all aspects are followed and taken care of. It is the responsibility of the project management company to find the right partners like architects, engineering services companies, contractors, various vendors, etc. to ensure that the project is carried out professionally, smoothly and completed within the agreed budget and timelines.



Apart from having the right partners on your side, your company needs to be prepared for the entire approval process. This can take some time and normally runs concurrently with the project planning. The greater the number of government approvals needed, the longer the process will take. Once the approvals are obtained, local on-site building codes, bye-laws and other regulations must be strictly adhered to. The actual construction time can vary from 9 to 12 months depending on the size and scope of the project. International standards of quality are achievable however, only under the constant supervision of a competent and experienced project management company. It's not unusual to hear of contractors cutting corners where they can.

With a booming construction industry, the demand for able men and good quality construction material is increasing. This has caused the compensation packages and material costs to rise in step. However, the overall cost levels are still lower or comparable with other developed countries. Since Indian markets are growing fast, the break-even point can be achieved sooner rather than later.

... to be continued

What is India's Role within the Global Economy?

Interview with Prof. Dr. Eberhard Sandschneider | Otto Wolff-Director of the Research Institute of the German Council on Foreign Relations (DGAP)

How important is India's role in the global economy?

India is one of the up-and-coming states in the global economy. Its IT industry has a very good reputation while Indian industries have long produced companies capable of competing in global markets. India's significance continues to increase.



Prof. Dr. Eberhard Sandschneider
Otto Wolff-Director of the Research Institute of the German Council on Foreign Relations (DGAP)

What guidance can you give European companies on how they should approach Indian companies and India's markets? How can the two cultures work better together?

Cultures can't work together, only people can. And at the end of the day, it's not about providing tips. Each company entering a new market needs to be advised not to follow a general formula but to consider the specifics of the market itself, including the specifics of a chosen partner. I think the biggest trap for small and medium-sized companies is that they follow a general formula instead of doing their own homework. Those who enter India need to know that there are great opportunities as well as big risks. Those who gather the necessary information to set up in India stand a much better chance of success.

In your opinion, what are the biggest stumbling blocks when entering the Indian market?

That's not an easy question to answer. Excessive expectations are among the biggest stumbling blocks, and the errors which arise because of those expectations. Many international companies are very successful in all Asian countries however, quite a number of disastrous mistakes have been made because certain ground rules were not observed in those markets.

In your magazine IP, you encourage companies to think laterally. Do you have any other advice for companies who are hoping to enter Asian markets in 2009?

There is no one magic formula, it doesn't exist. The fact that Asian economies have been hit particularly hard by the current global economic crisis means that conditions are not particularly easy for companies in those markets. However, you need to approach Asian markets with a long-term perspective. At some point the crisis will end and you need to be well positioned in those markets. The same goes for this crisis. Companies need to take the necessary steps now, during this crisis.

Every company will need to examine their own financial situation, the condition of its sector or industry and the shape of their partners. Only then can you begin to answer what an individual company must do in order to be successful in the Asian markets. This means dealing with each project separately.

Knowledge is key and so too is networking; making contact with people who have their own experiences and are prepared to share them with you.

Networking is the magic word. Information exchange with experienced managers can also be used to avoid mistakes already made by others. One company's success can be copied by others. It's commonly used but in the reality of business collaboration, it is one of the most important requirements of all.

Hear M+V Experts speak:

6. 5. 2009

ExpertASIA 2009 - Doing Business in China & India

Gempt Hall | Lengerich

Forum with expert lectures relating to the specific needs and issues companies have when entering India and China

Speaker: Klaus Friedrich Meier | Senior Project Manager Maier + Vidorno GmbH

19. 5. 2009

Business Opportunities with India

Zaika Indian Restaurant | 54 Clifton Country Road | Clifton Park | NY 12065

The Congress for top decision-makers

Speaker: Mark Hurley | USA Marketing Representative

18. 6. 2009

India - How to enter the market

Advice and solutions for setting up businesses in India Industry Club | Dusseldorf

Speaker: Thomas Breitingger | Project Manager Maier + Vidorno GmbH

13. - 14. 10. 2009

4. German Mechanical Engineering Summit

Berlin

The Congress for top decision-makers

Weekly Webinars [Online Seminars] with focused Information on the Indian Market. Register at:

www.mv-group.com/webinars

India Experts recommend Investments in 2009

Daniela Singhal | Journalist

The Indian economy is worth an investment in 2009 despite the world economic crisis", says Klaus Maier, managing director of Maier + Vidorno GmbH. The India expert points to India's vast domestic market, which insulates its economy somewhat from global demand, and it's continuing economic growth story.

In 2009, India's GDP is expected to be 7 percent. This is lower than in previous years, however, India remains Asia's economic engine. The economy is being boosted by the Indian government's economic stimulus programme and the central bank's expansive monetary policies. This will attract continued international demand, which internationally active companies can also participate in.



**Klaus Maier Managing Director
and Founder of Maier + Vidorno GmbH**

Maier urges international companies and investors not to let the current international crisis distract them from the substantial growth prospects in India. "Every company should investigate the potential of the Indian market now and build-up new relationships with Indian customers. While demand and growth has been dropping in many sectors of the Western industrial economies, the Indian domestic market still needs to catch up", comments the India specialist, who has helped many international companies build up their sales and service bases and production facilities in India over the past decade.

However, Maier advises companies wishing to sell and produce goods in India to get to know local conditions beforehand. Location factors such as infrastructure, energy provision and bureaucracy do not fit international standards. In addition, the Indian mentality also offers further hurdles, which can be overcome with local knowledge. "Often enough, companies imagine the Indian market as an easy step, but a lot of unnecessary trouble has been caused here by viewing things from a international perspective", explains Klaus Maier. Specialised support and knowledge of India's customs and rules are indispensable while saving companies time and money.

In Maier's experience, technological quality is the main advantage Western products have in India. If Indian

companies produce with the motto 'mass instead of class', then Western companies gain points through their knowledge particularly in the areas of energy efficiency and environmental protection. For example 'Made in Germany' or 'Engineered in Germany' counts as seals of quality as Indian companies neglect the increasing significance of sustainable production.

Impressum

For previous issues and newsletter subscription:
www.mv-group.com

Publisher: Maier+Vidorno GmbH · Cologne · Germany

Editor & contact for press and article reprints:
Klaus F. Meier: k.f.meier@mv-group.com

All liabilities excluded. This newsletter is based on information obtained from sources (government, business associates, companies, publications, etc.) we believe to be reliable. However, Maier+Vidorno GmbH does not take any responsibility as to its accuracy, completeness or correctness.
Copyright © 2009 Maier+Vidorno GmbH. All rights reserved.
Protected by copyright laws.

Head Office: Siegburger Str. 235 · 50679 Köln
Tel. +49-221-8804080 · Fax.+49-221-880408-11 · info@mv-group.com

USA Representative Office: 29 Tioronda Ave. · Beacon · NY 12508
Tel. +1-845-765-0862 · usa@mv-group.com

Italy Representative Office: c/o CLIV & Partners · Via G. Fattori n. 77
10141 Torino · Tel. +39 011 799999 · italy@mv-group.com

New Delhi, Office 1: 7th Floor · Vatika Triangle · Block A Sushant Lok Phase-1 · MG Road · Gurgaon 122 002
Tel. +91-124-434 2300 · info@mv-india.com

New Delhi, Office 2: Plot 52 · Udyog Vihar Phase VI
Sector 37 · Gurgaon · 122 001 · Tel.: +91-124-412 1600
info@mv-india.com

Pune: Madhavi Apartments · 2102/5 Vijaynagar Colony
Sadashiv Pet · Off Tilak Road · Pune 411 030
Tel. +91-20-4100 8300 · info@mv-india.com

Bengaluru: 2nd Floor · Sree Datri Nivas
Nagawara Circle · Outer Ring Road · Opp. Manyata Softech Park
Bangalore 560092 · Tel.: +91 80 4085 4444
info@mv-india.com

Chennai: Old No. 140/2 · New No. 128 Opp Raintree Hotel
St. Mary's Road · Alwarpet · Chennai 600 018
Tel. +91-44-4300 9601 · info@mv-india.com

Membership

ASU – Die Familienunternehmer
APC – Asia Pacific Consultants
BVMW – Bundesverband Mittelständischer Wirtschaft
DAPG – German Asia Pacific Society e.V.
DAW – German-Asian Business Circle
EBGI – European Business Group India
FICCI – Federation of Indian Chamber of Commerce and Industry
IGCC – Indo German Chamber of Commerce
OAV – German-Asia-Pacific Business Association
OSEC – Business Network Switzerland
Sanet – Strategic Alliance Network
UKIBC – UK India Business Council