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# A Case Study : Start up of an Export House by an Entrepreneur\*\*

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*\*\*Based on personal interview with Mr. Rajiv Kapoor, the Entrepreneur cum Director, Affordable Exports Pvt. Ltd.*

## **Abstract**

*This case study is focusing on the hard work of an Entrepreneur, Mr. Rajiv Kapoor for setting up his export house by the name of 'Affordable Exports' Pvt. Ltd. which is one of the premier Apparel Export Organizations in India established by in 1986. It is a design driven company specializing in Hi-Fashion Ladies garments. Affordable Exports is in the business of creating and manufacturing apparels for some of the leading names in the industry. They are Manufacturer, Exporter and Supplier of Garments and Fabrics with different designs in the following categories namely Woven/Knits Garments, Ladies Wear & Ladies Night Wear. The company has consistently grown over the past few years in product specialization, turnover, infrastructure, and portfolio management. The most important factor for its growth was the management of its Human Resources. According to Mr. Rajiv Kapoor, the most valuable asset for any organization is its human resources. Some employees are in the organization since the last 20 years and still performing very well. Mr. Rajiv Kapoor promoted this company in 1986 with a meagre amount of Rs. 5000 which he borrowed from his father for starting his own venture. He gave it the name of Affordable Exports so that buyers can easily relate to it for affordable prices. He managed to make a mark in this field of apparel exports with his hard work, commitment, dedication, innovation and timely delivery of consignments against all odds and without even support from the family in the core business activities. Though the company has already seen a lots of ups and downs, the future of the company looks promising in the export business by completing 25 successful years in 2011. The company's main strength comes from a professional management, a dedicated work force and a satisfied client base. Their strong infrastructure facilities and sophisticated technologies facilitate coordination in their work processes as the team of professionals is churning out unique ideas for styling.*

## **Introduction**

Mr. Rajiv Kapoor after doing his schooling started working in an export house. He completed his graduation while working there for a period of 3 years. While working as a young man in an export house doing odd jobs, he realized that he has a strong power to convince people quite easily. At that point, the idea of starting his own venture in Delhi as an Entrepreneur cropped up in his mind as he thought that having no boss is great fun. During this time, he also realized that people always prefer

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to buy things at an affordable price. He visualized converting this into the USP (Unique Selling Proposition) of his business of manufacturing and exporting Apparels to different countries. After a deep and thorough study of manufacturing and export business, he started his company in 1986 with a meagre amount of Rs. 5000 which he borrowed from his father on the context of starting his own venture. He gave it the name of Affordable Exports so that buyers can easily relate to it for affordable prices. The mission of the company was to provide service to the ultimate satisfaction.

He managed to make a mark in this field of apparel exports with his hard work, commitment, dedication, innovation and timely delivery of consignments against all odds. His father was working with a bank and no one from his family was into business to support him. While facing stiff competition in the market, the company flourished under his able guidance. Though the company started in a small scale in the year 1986, it has flourished on all fronts and as on date has come to such a stage that it has earned a name and fame in the export market. Today, Affordable Exports is one of the respected names in the area of Apparel Exports. It is a design driven company specializing in Hi-Fashion Ladies Garments.

The Company is the Manufacturer, Exporter and Supplier of Garments and Fabrics with different designs in the following categories:

- Woven/Knits Garments
- Ladies Wear
- Ladies Night Wear

The company has been growing consistently over years in product specialization, turnover, infrastructure and portfolio. The most important factor for their growth was the innovation & creativity in their Designs. Such innovation resulted in new demand due to which wealth is created for the company.

The company is planning to have a celebration of its silver jubilee of completion of 25 successful years in export business in 2011. Presently, they have outlets in Australia, Singapore, Malaysia, France, Philippines, U.K., Spain, U.S.A, and Canada.

However, the company is planning to cover more countries in the near future for the purpose of exports. For the same purpose they are participating in various Garment fairs in order to have new buyers from other countries.

### Location

- The Export House is situated in Patparganj Industrial area, Delhi
- One of the Manufacturing plant 1 is located in Sahibabad – UP where storage of fabric also takes place
- One Manufacturing plant is located in Madhu Vihar, Delhi where the company is planning to expand further operations.

### Infrastructure

The company's main strength comes from a professional management, a dedicated work force and a satisfied client base. Their strong infrastructure facilities and sophisticated technologies facilitate coordination in their work processes as the team of professionals is churning out unique ideas for styling.

Monthly Capacity	: 75000 PCS
C.A.D	: Designing (CAD), Cutting (Digitizers, plotters & Automated Cutting Machines)
Embroidery Machine	: Computer Embroidery Machine 24 heads.
Types of Washes	: Perk, Bio, Normal, Enzyme
Dyeing	: In house Pot Dyeing/ Tie-Dye & Acid wash.
Sampling	: In house design team

### SWOT Analysis

An analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT) of the company

## Strengths

Being an established export house, it is in a position to make wide varieties of garments of good quality at an affordable price due to in-house facilities available for Sampling and Production.

## Weaknesses

Presently, the company is not having an ISO Certification which some of the buyers are asking for while giving orders. In addition to the ISO certification the following problems also cropped up which is hampering the growth of the organization.

- Low Employee morale.
- Lack of Co-ordination between different departments.
- Lack of Motivation for workers.
- Lack of Skilled manpower in the area of Embroidery.
- Employee turnover is high at operational level.
- Unwillingness to take initiatives by the existing staff members.
- Ego problems as people are working in the organization since the last 20 years

## Opportunities

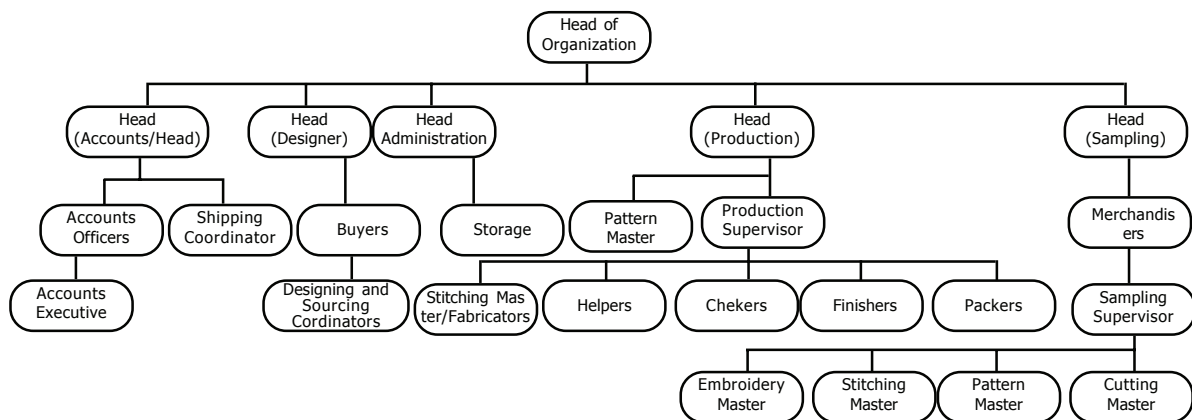
The company is in the process of developing good networking with buyers across various untapped countries. These have opened opportunities for exports and demand for the product in international markets which have not yet been tapped. Thus at present there is more scope for expansion to other countries.

## Threats

China is proving out to be a big competitor, whose products are cheaper due to cheap labour and low taxation structure of the country. Manufacturers from China are a major threat to the company who are exporting the competitive product at much a lower price.

**Problems:** The following problems exist in various departments of the organisation:

## Diagram - Organization Structure



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- Work behind schedule in most of the departments due to lack of coordination between different departments.
  - Difficulties in fixing accountability for completion of work since people are working under different supervisors.
  - Poor efficiency of key employees due to lack of motivation since they are not having any incentive to perform better.
  - Non-committed employees working in the set up due to pressure of work at the time of orders from buyers.
  - Time bound attitude of operational staff during evening hours since employees tend to go back to their home leaving behind their work unfinished.

### **Organizational Structure**

The organizational structure consists of 5 departments which include Finance, Shipping, Design, Administration, Production and Sampling.

(See Diagram)

### **Conclusion:**

The case study is based on the personal interview of the Entrepreneur cum Director by the author. The paper is able to reflect on the entrepreneurial quality of Mr. Rajiv Kapur. Starting from a very modest background with meager capital of Rs 5000 without any support from the family or background of business needs courage which the present entrepreneur definitely has enough. Growth trajectory of the company, building up team of professionals has contributed to the strength of the company. Product diversification, introduction of latest technology in operation and management has been some of the factors contributing to the growth of the company. Building up in strength, developing strategy to operate in the competitive environment were key factors for success of the company. An entrepreneur is a person who can look through and translate his vision into action. Rajiv Kapoor has done it in the past and will do so in future.