

Case Study 12

Hindustan Engineering and Automotive Products Ltd*

Hindustan Engineering and Automotive Products Ltd (HEAP) was established in the early 50s in a joint venture with a leading European company to manufacture engineering and automotive components for the growing Indian market. By the mid-80s, the company established three plants in eastern, western and southern India to cater to the growing demand. The company was managed by Jayant Kumar, a long time company employee, as Managing Director.

During this period, the company absorbed considerable technology from JV partners and was able to commence exporting its products to various markets in Africa, the Middle East and SE Asia under its own brand in direct competition with the partner. This led to a situation where the partner had to review its relationship which eventually led to a withdrawal from the JV agreement they had with HEAP, by mid-90s. It was, however, agreed as a part of this process that the partner would be free to establish its own operations and market its products in India under the prevailing liberalised conditions.

Foreseeing increased local competition, HEAP was now considering exporting its products to the developed markets in Europe, Japan and USA. Guru Prasad was recruited from an MNC to head the international operations and was asked by the top management to work out a strategy for growing the exports rapidly.

Meanwhile, a top management strategy planning group identified a lack of expertise in design and certain manufacturing technologies as key constraints to the company for entering the highly competitive and large market for engineering and auto components in Europe, America and Japan. The prevailing market situation was such that no major competitor was willing to offer their designs or technology to avoid potential competition.

On the marketing front, Guru Prasad carried out a study and recommended that HEAP establish its own representative offices in these countries to have direct customer contacts and to gradually build a local distribution network. Each market had its own peculiar channels of distribution and to create

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