

## Establishing a Cleaning Machine Production Facility in India

# German Cleaning Systems for Asia

Asia is a growth market and the demand for high-quality cleaning systems there is constantly increasing. This is why the Surface Alliance invited the Indian machine manufacturer NGCT, which is based in Pune, to become a member of the association of companies in 2010. Since then, production levels have constantly risen and the manufacturing site has been developed further. This article explains the benefits of producing German products in India and the accompanying requirements.

The market in Asia is booming and medium-sized German companies are looking for solutions that will enable them to meet the growing demand for high-quality machinery. Both Asian customers and European customers with sites in Asia are increasingly in search of cleaning machines that meet German standards but are manufactured locally. But what approach should companies take if they do not have their own international organisation and the accompanying local sales and service facilities?

These structures can only be set up with the help of local partners or as part of a cooperation programme involving other German companies. This will ensure that both the order acquisition phase and the after sales activities meet customers' requirements. This method has been widely and successfully used by medium-sized machinery manufacturers. However, it is more dif-

icult to establish production facilities that comply with the required quality standards and offer an attractive price-performance ratio for customers in the region.

### Production facilities abroad

Plans of this kind can only effectively be put into practice on the basis of a significant transfer of knowledge and it is in precisely this area that German companies expose themselves to the serious risk of actively supporting local firms that later become their own competitors. China is a good example of the fact that the "made in Germany" brand continues to have its own value, but is increasingly unable to justify the huge price difference when compared with products from regional manufacturers, in particular those supplying machines which are similar to the original German technology. Many machinery manufacturers have discovered that

market? And can we make the most of this opportunity in the medium term without the benefits of local pricing and logistics?

### Arguments for manufacturing abroad

If a medium-sized company is planning to establish a production facility in another country, the location is a crucial issue. It is essential that highly skilled employees are available to produce machinery which meets German quality standards. In addition, the necessary infrastructure must already be in place. Alongside China, this points to India and Malaysia. However, rating the different locations on the basis of a system which also covers staff costs and other similar factors does not ultimately answer the important question for medium-sized companies: How can we retain and protect our expertise and how can we find a local partner that we can trust?

Large organisations may prefer a more formally structured and more transparent approach. But medium-sized, owner-managed companies must evaluate the contacts and resources that are already in place, the people and organisations that they have long-term, trusting relationships with and the ways in which these relationships can, if necessary, be developed. If the company has no existing relationships, then a more circuitous route is needed. A long-term German partner with the necessary experience and contacts must be identified and asked for support. The people involved must have a clear understanding of each other's culture and

local competitors, some with the support of existing customers, are imitating or even copying German machinery and selling their products at a much reduced price.

Nevertheless the key questions for companies are as follows: Do we want to be involved in this



At the NGCT production site in Pune in India, high-quality solvent-based and hybrid cleaning machines are manufactured to German standards.

Pictures: LPW/ST Alliance

way of working and must trust each other, in order for the cooperation to be financially successful.

### The Surface Alliance in India

The cooperation with NGCT which was established four years ago is based on trust and long-term personal contacts, combined with a suitable infrastructure and an adequate skilled labour force in the Pune region. The organisation's Indian partner is now a classic joint venture company which functions as a service and sales facility. Its regional production capacity also provides an efficient infrastructure for supplying the economic region with high-quality cleaning machines (both aqueous and solvent-based) that meet German technology standards. The focus is on providing markets in India, but also in China and Malaysia, with products at prices that are normal and acceptable for the region in question.

Initially, components for high-quality solvent-based and hybrid machines were manufactured in Germany and then assembled in India in accordance with German quality standards with the support of German Surface Alliance members EMO and Hösel. In addition, the Indian company manufactured its own water-based cleaning machines for regional and European customers in the key countries referred to above.

Skilled staff were trained in the new technologies and also the required quality standards. At this point, European customers were beginning to purchase locally manufactured machines for their production sites in Asia. The growing experience of the Indian company enabled it to gradually increase the local content of its products, which in turn resulted in a reduction in the amount of work being carried out in Germany.

### A high-quality, cost-effective entry level model

The direct involvement of EMO and Hösel in NGCT Cleansys Ltd, the addition of another assembly building to



Surface Alliance employees visit Pune regularly to resolve production-related issues.



NGCT now has its own lab for cleanliness analyses.



This compact and cost-effective basic single chamber machine is a high-quality entry level model. The machine was presented to an Asian audience at Imtex, the international machinery fair, in Bangalore.

increase the production area and the establishment of a testing facility with an accompanying laboratory for cleanliness analyses significantly increased the capacity and the capabilities of the Indian site. As a result, Surface Alliance member LPW Reinigungssysteme GmbH also decided at the end of 2014 to begin manufacturing in Pune. This decision was accompanied by the development of the company's stand-

ard cleaning machine (PowerJet basic) which was designed with the involvement of the Indian partner company as a high-quality, cost-effective entry level model for the region. Although the necessary expertise for production was already in place, a number of detailed questions needed to be resolved.

The LPW machine was presented to an Asian audience at Imtex, the international machinery fair, in Bangalore in January. Depending on demand, the Powerjet basic machine, which meets German standards, will be supplied directly from LPW's Indian production facility or in the form of a product manufactured under license by NGCT. A smaller spray cleaning machine (Aquajet basic) will soon also be available for this market.

### Trust and competence

The close cooperation between the Surface Alliance partners has not only reduced the distance between German and the Asian markets, but has also allowed for the development of a highly attractive product in terms of both quality and price.

An additional and important side effect is the significant increase in the quality of the service provided by the Surface Alliance in Asia, as a result of the competence of its partner NGCT.

This example shows that it is not only the objective and quantifiable factors which are important for medium-sized companies when choosing a production site. A good "gut feel" and personal trust in the people and structures involved are also essential, because no contract, however carefully worded, can protect a company's expertise in the long term. ■

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