



Raman Madhok, CEO, steelemart.com:
"The net is a complementing tool and not
a substituting tool."

PROVING HIS METTLE with a STEEL MART

The Jindal group wants steel—a \$700 billion business—to become a consumer product, and steelemart.com, the Indian Walmart for steel trade. The group has developed steelemart.com in an attempt to bridge the gap between large producers and small customers.

BY N. MOHAN

RAMAN MADHOK is the chief executive officer of steelmart.com, a portal for the steel industry. An amateur painter, whose works adorn his office, Madhok has worked with Voltas, the Taj group of hotels, and pharmaceutical firms Pfizer, Parke Davis and Wyeth Lederle before joining the Jindals. A technocrat (IIT-Delhi, chemical engineering) and a HRD specialist (XLRI, Jamshedpur), he is also on the board of various companies. Madhok's wish: steel should cease to be a commodity and become a consumer product.

The portal is O.P. Jindal group's web venture and Madhok has no reservations in saying that when steel consumers start identifying steel as a product, they should see his group as a consumer product group. "Whatever we are doing is basically for the consumer," he declares.

Madhok says that the Jindal group is trying to do several things, and yet do them differently, because today's customer has changed his preferences. "As a steel-maker, we are well-known. The customer does not, as a matter of practice, come

of oversupply, and the critical factors are reaching your customers on time and retaining them. And I think steelmart.com is a step in this direction."

So, how does he think the portal will help the organization? He strikes a sentimental note when he discusses his group's people. The HR person in him comes out. He says he has found that people do not change anywhere. What changes is the way they are led, the way they are treated. "And these are the two fundamental things for any organization's survival. I think it is going to be true all your life whether you like it or not," he states.

"He thinks several things will happen. First, it will create a momentum within the organization. There is a quantum leap in technology, image and work culture. We want to make sure that not only are people skilled to do their jobs, but their skills also have a market value. We want our people to carry our name and a name for themselves. It is important, therefore, for us to make them IT-savvy."

WEB-ENABLING IS STRATEGY FOR SURVIVAL AS LARGE STEEL PRODUCERS ARE NOT ABLE TO SERVICE SMALLER CUSTOMERS, WHO WANT TO BUY STEEL, BUT DO NOT KNOW WHERE TO GO.

back to the same companies anymore. We found over the last one-and-a-half years that we need to reach to the customers in a state-of-the-art manner." The result was steelmart.com. True to the domain name, steelmart.com will evolve into something like Walmart, in the steel business, Madhok claims.

The group has floated a new company, Sapphire Technologies, to handle its technology-related ventures and steelmart.com is its first venture. One of the conscious decisions taken while planning the portal, says Madhok, was not to go in for any external funding, because he believes external funding comes with a lot of strings attached. So, funds were generated internally. "We are very careful about two things. We did not want to rush into something. We also did not want to keep on changing things. Technology was available, products were available, we just made sure that whatever we do, we never lost focus," says Madhok.

The group believes that its assets are its people and believes in adding value to them. "When we started steelmart.com, we did not recruit people. We looked at our resources, relocated them and rotated their jobs. This strategy has brought in a totally different dimension to the steelmart.com team," explains Madhok.

What does he want to tell entrepreneurs and professional managers about e-business? Hard work does not kill anyone, he says. But, what is most important is that every e-business should be focused. "You must learn to be awake to market realities. Only then you can move ahead."

So is web-enabling a strategy for survival?

It is, says Madhok. "Because, unless I produce and sell, I will not get revenues. Today, large steel producers are not able to service the smaller customers who want to buy steel, but do not know where to go. Steel is a \$700 billion business. We simply wanted to reach the customer first. It is a situation

Today, people say that though the marketplace exists on the net, and everything is virtual, there is little transparency. We are trying to work towards bringing that transparency through steelmart.com. For example, in our portal, there will be a set of negotiation modules. A trader can go back and forth, negotiate and then strike a deal, which he thinks is suitable for him. There will also be an auction facility."

Madhok believes that the net will not fully replace the traditional medium of business. "In any sales activity, physical contact has its own advantages," he says. He looks at the net as yet another complementing tool and not as a substituting tool. "You can never wish away your field salesman, can you?" he asks. He foresees a great future, however, for the B2B segment—mainly because there is a change in the mindset, as people want to work with speed. There can be telephones, fax or other facilities. But what is required is a common facility that will be fast, convenient and available to all. The future scenario, therefore, is only the internet. "If I get an e-mail, I put my name and send an immediate reply. The response is instantaneous, which is what people will appreciate.

According to Madhok, steelmart.com will rid, or club, several layers that exist today among steel traders. Also, today there are close to 3,000 types of steel in the market and now, quite possibly, the requirements may get clubbed, with corresponding R&D activities. Every manufacturer will begin making products to suit the individual requirements of customers.

The future, according to him, is for interactive and easier systems. Portals and vortals will be passe, he says, irrespective of whether it is a commodity company or a consumer product company.

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