**Case Understanding:**

Mr. Ramalingam Venkatesh started the venture in the form of a fast-food restaurant in South Bombay in 1965. Due to political mishappenings leading to an emergency imposed in the country in 1975, food items were to be sold at bare minimum prices. To survive in the market, Ramalingam Foods started selling Idli-Dosa batters and South Indian Chutney packets for customers to take home and make their own, which became a hit and they decided to make this their main business. Later they introduced different variants of Instant Mix in a powdered form to fulfil the demand of varied customers. The product portfolio included Instant Dosa Mix, Instant Idli Mix, Instant Gulab Jamun Mix, Instant Laddu Mix, instant coffee powder, Instant Dhokla mix, and similar products. It allowed the venture to operate at a meager cost, and they were able to make considerable profits. Currently Ramalingam food's operating revenues INR 152 crore for the financial year ending on 31 March, 2019. It's EBITDA has increased by 3.16 % over the previous year. At the same time, it's book net worth has increased by 20 % and recently there has been a demand for their products in the foreign market, which is being fulfilled by Indians reselling the products abroad after buying it from the domestic market. Hence to capitalize on this situation, the venture is thinking of starting its business in the foreign market. As Mr. Vijay(Current owner) does not have any prior experience in international business, our consultancy would be guiding him throughout the process of business expansion. We have given a limited budget of INR 50 Crore for FY 2019-20 to work with, so we would be going ahead with a single foreign region.

**BCS Solution Summary:**

For the international expansion of Ramalingam Foods, our consultancy shortlisted South East Asia based on various factors which would make this a successful expansion. We would be targeting Malaysia and Singapore in FY 2019-20 due to presence of huge Indian population willing to buy these products. We have come up with a marketing strategy and financial budgeting to launch all the existing products of the company, broadly classified into North Indian dishes Instant Mix, South Indian Instant Mix, Desert Mixes, Chutney Powder and Instant Coffee Mix in all the three sizes available i.e., 200gms, 500gms, 1000gms, except for Instant Coffee Mix which is available in just 200gms packet. We would be having an organisational structure in South East Asia region Unit which would differ from that of India, initially and as per the company’s growth in the foreign market further changes would be imposed. We would also be expanding the Research and Development team to come up with new dishes or to incorporate local taste of South East Asia in the products based on the market research. The company’s expansion would be backed up by an excellent IT team to manage the IT infrastructure and cope up with the changing digital market and a HR team to provide the best to the company employees.

**Solution:**

The idea to expand the business on the international grounds is influenced by the demand of these products in the foreign markets. It was then noticed that some people are purchasing the Instant mixes domestically (In India) and selling it in foreign countries through their shops primarily in Middle east, South East Asian countries and England. These shopkeepers are generally People of Indian origin settled in those countries, while on their visit to India they / their known people purchase these products in large quantities and ship to their respective countries. Thus the business expansion could have been done in all the three regions but due to limited budget Ramalingam Foods has to go ahead with one region. Various factors are taken into consideration before making the final decision to expand the business in South East Asia.

**Factors:**

**Middle East-** The Indian population is maximum in the middle east region as compared to South East Asia and England, with a population of approx. 3.42 millions (as per International Migrant Stock 2019 released by the Population Division of the UN Department of Economic and Social Affairs (DESA). Even though Middle East has maximum Indian population a major chunk of that population is of labours and low income class Indian, who would not be willing to spend on ready to cook meals. Apart from the Indian population the people there, are mostly non vegetarians and prefer Indian Non-Veg dishes like Biryani and Kebabs from Hyderabad and Lucknow which matches more to their local taste than Idli-Sambhar.

**South East Asia-** The total population of the people of Indian origin is estimated to be around two million in the South East Asia region which is less as compared to Middle East region, but there are factors which proves to be of higher advantage. The percentage of Indian population in the middle class range is high especially bachelors who are the best potential customers of our products. The countries are smaller but densely populated with Indians with a similar culture.

**England-** Indians comprise about 1.4 million people in the UK, making them the single largest visible ethnic minority population in the country. England has the lowest Indian population among the three regions taken into consideration and also the costliest. The Indian who are based in England are usually upper middle class Indian or higher, which implies that they would not really buy ready to cook products rather hire cooks to prepare their meals or go to a restaurants for any special Indian food cravings.

**Looking further into why and where in South East Asia-**

We have already stated the reasons and advantages to choose South East Asia region above. Diving deeper we have decided to target Malaysia and Singapore for the FY 2019-20, due to huge south Indian population. As Ramalingam Foods were originally just a south Indian food joint they excel in that category, later they moved into north Indian dishes due to the demand, so we target the south Indian population of Malaysia and Singapore. A huge part of the Indian population is of bachelors who have moved from India for better job perspective or requirements. As we know Malaysia is becoming a tech hub for multinational companies, and India has few IT industry giants such as TCS, Infosys and many other start-ups who are already in present these countries, taking a chunk of their employees onsite.

**Export from India:**

As the products are in powdered form and have a long shelf life, it could easily be exported from India to Malaysia and Singapore. Setting up a manufacturing unit in the south east region without testing the water is not recommended as long as the demand does not rise up to a point where the revenue generation would cover up the cost of setting up the factory. Initially a warehouse to store the exported products from India would suffice the demand.

**Legalities:**

**India-Malaysia**

In almost all countries, activities as an importer / exporter require a one-time approval process. In India, an IEC number (Import-Export-Code-Number) is required to function as an importer or exporter. Malaysia is India's second most important trading partner among ASEAN countries and is also India's gateway to ASEAN and China. India is Malaysia's largest trading partner in South Asia.

**India-Singapore**

The India Singapore CECA (Comprehensive Economic Cooperation Agreement) has four key components: a free trade agreement (FTA) in goods, an arrangement for boosting trade in services including financial services, a package to promote investment flows and provide mutual investment protection and new agreement to avoid double taxation. It includes rules that can benefit both parties in terms of quality of goods and services, liberalized visa rules for professionals, and undertakings to cooperate on customs, intellectual property rights, education, and e-commerce.

To export goods from India, the three stages of procedure involve:

**Export Registration process in Exporting country:** A onetime registration procedure gives access to export license which is approved from the concerned government department from India.

**Export Customs procedures in Exporting country:** This involves information about exports customs clearance procedures in India. It includes details regarding how goods can be transported or exported to any overseas location. After packaging goods, necessary clearance documents which may be required by load port customs are prepared. Invoice cum packing list, and similar documents are arranged before movement of export cargo to customs port. Customs information is fed electronically and then cargo is moved from exporters location to customs location. The custodian of cargo takes care of handling, and the approval post export inspection procedures is obtained.

Documents required to export: The documents required largely depends on the kind of trade the two countries carry out.

The common documents which may be required are:

**Customs Entry document**: (specified by Exporting country customs) prepared by exporter’s customs broker or exporter.

**Customs bond** if applicable. May fetch import/export benefits in case of specific goods

**Legal Undertaking (LUT)** if applicable to claim export benefits from Indian government or to export specific products to meet government requirements and obligations.

**Customs declarations** wherever applicable:  Exporting country’s export customs clearance declarations as per specified format of Exporting country’s government.

**Export Licence** if applicable to be obtained from government agency of India.

**Purchase order or Letter of Credit** between India’s exporter and overseas buyer of goods.

**Commercial Invoice cum packing list** issued by seller of goods

**Certificate of Origin** issued by competent authority of origin country of goods.

**Insurance Certificate** issued by the government authorized insurance service provider

**Certificates of Inspection** if applicable:  Some of the importers demands exporter (seller) through LC or Purchase order to inspect export goods to India by an internationally recognized inspection agency like SGS, BVQI, or other Quality inspecting agency etc.

**ATA CARNET/Temporary shipment certificate** if applicable

**Certificate of Analysis** if applicable. Analysis of goods, to help complete the inspection procedures may be handy.

**Certificate of Free Sale** if applicable.  If goods are not commercially involved, a certificate of sale is attached by exporter along with goods dispatched.

**Weight Certificate** if applicable. This can be used to follow weight protocols or avail any export/import benefit that may be available on weight of goods.

**Consular Invoice** if applicable:  Embassy documents which may be required to pass through import checks

**Documents required for customs in India for specific products to export**

**Certificate of Health or Sanitation** if applicable

**Generic Certificate of Origin** if applicable

**Health Certificate** if applicable

**Ingredients Certificate** if applicable

**Inspection Certificate** if applicable

**Pre-Shipment Inspection certificate** if applicable

**Phytosanitary Certificate/quarantine certificate** if applicable

**Dock Receipt and Warehouse Receipt** if applicable

**Product manual or Product catalogue** if applicable

**Certified Engineer's Report** if applicable

**Chartered engineer’s certificate** if applicable

**Product specification certificate**

**Other specified documents** if applicable

**Bank export documents in India**

**Purchase order or Letter of Credit**

**Commercial Invoice cum packing list**

**Pro forma Invoice**

**Bill of exchange**

**Certificate of Origin**

**Insurance Certificate**

**Certificates of Inspection** if applicable

**Electronic Export Information** if applicable

**Certificate of Health or Sanitation** if applicable

**Other specified documents** if applicable

**Organizational Structure:**

**The rationale for Organisation Structure:**

**HRM:**

HRwill be an essential component to the company’s success in South East Asia – recruiting local people with good knowledge about products and services will reduce the training cost.

**Marketing:**

The marketing team will handle all the promotional activities through advertising on TV as well as social media and website, brand management, and sales force. Constant market research is required to survive and keep growing in the South East Asian market.

**Operations:**

As Ramalingam Foods manufactures its own products which have a long shelf life, it is suggested to have a warehouse in the South East Region, to cut the export cost and time. To enter into the South East Asian market and survive, Ramalingam Foods needs to develop a network of distributors and retailers to gain the shelf space in the stores.

**Finance, IT & Business Analysis and R&D:**

These departments will be standard for both the geographical locations that are India and South East Asia(Malaysia and Singapore) and integrated strategy basis the communication with the marketing departments.

**Financials:**

The solution is basically aimed at deciding the optimal budget for setting up the operations in foreign land of Malaysia and Singapore. The allocation of budget is the pre-requisite and the most crucial part all the departments to perform to their maximum efficiency without facing nay difficulties. And based on the demand given by marketing department, the revenue generated in the first year of operations is Rs.14.91 crores. The revenue for the further years can increase as the market size would increase. Even if we consider a meagre growth of 5% across all products in the upcoming our revenue increases to approximately 0.5 Crores. At this rate the company would take around 3.5 years to break even the cost and generate profits with an investment of Rs. 50 crores and eventually start making profits.

We have distributed the budget of INR 50 Crores as follows-

INR 7 crores to HR, for hiring and giving incentives to the employees.

INR 6 crores to IT, to expand and support the IT infrastructure.

INR 10 crores to Marketing, for a thorough market research and promotional activities

INR 10 crores to Research and Development for new products incorporating local tastes and packaging innovation.

INR 9 crores to Export activities

INR 6.5 crores to Operations

*\*\* A detailed financial budget is provided in the Financial Report \*\**

**Marketing Strategy:**

The solution aims to estimate the Market Size before penetrating the foreign market and guesstimating the sales of the product to make an optimal decision for maximum profit. I have taken the population from the census and estimated the target audience by analyzing the market trends. In the mode of entry, I have given the best market penetration methods like the impact of local retailers, government tie-ups, e-commerce platforms, non-government sectors, etc. I have also given the promotion activities to promote our newly launched products and spread maximum awareness by keeping the foreign market cultures and trends in mind and minding the available marketing budget. I have also told you the budget is divided between different activities and why.

*\*\* A detailed marketing plan is provided in the Marketing Report \*\**

**IT Infrastructure**:

IT department will support the expansion of Ramalingam foods by providing various IT services, analysing the data from multiple departments, and deriving business decisions from the provided analytical data. The scope of IT department will cover IT-Employee policy, Creating Website, Creating Android & iOS application, Social Media handles (technical aspect), ERP-Enterprise Resource Planning, Cyber security, Server system, IT Communication, Networking setup and management, Hardware support, Software support, Cloud Service & Backup system. Thus, IT department will provide technical support and innovative solutions that bring value to the organization to enhance its business processes.

**HR Policy:**

Since our company will enter a new market of the different country (Singapore and Malaysia) whose culture and working environment is totally different from our host country and according to company research and few experiments, we found out that in order to attract, motivate and retain employees, Malaysian firms provided monetary rewards to their employees while few offered non-monetary rewards to their employees. Linking performance and reward is the best and direct way to motivate and retain employees in Malaysia. Hiring in Malaysia could be expensive as there are unavoidable cost and employer has to bear and since our company is hiring in foreign country additional expenses involved in expanding to the country. Some of the cost would include:

• Company registration

• Legal assistance

• Recruitment fees

• Translator

• Background checks

In Singapore companies, talent recruitment, staff loyalty and performance motivation have always been vital. Employee share incentive plans serve as important tools for industrial engineering businesses to achieve these objectives, by providing employees with long-term rewards linked to the businesses’ success. We will adopt the recruitment process followed by every other Singaporean company based on a combination of skills, competencies, experience, and motivation, which are as follows:

• Identify aspirants that would best fit the role

• If candidate profile match with company requirement one of the company member will contact him and if necessary, initiate with telephone interview will be arranged to know more about the candidate

• First-round interview

• Assessments

• Second -round Interview