

Fostering Innovation, Integration and Inclusion Through  
Interdisciplinary Practices in Management

Entrepreneurship Challenges:  
Lessons from an Automotive Start-Up

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ABSTRACT

The present paper describes an automotive start-up company, Quadratch Autocomp Private Limited. This company was established by four entrepreneurs in Pune city in the year 2010 and manufactures specialised starter motor housings required in two-wheelers. The research paper gives an overview of the company, the driving force behind its establishment, the challenges faced in the initial years of establishment and how these were tackled to make Quadratch number 1 tier-2 supplier in Pune city. In the era of focus on start-ups, the exposure of Quadratch gives a good lesson on challenges faced by new units and the strategies that can be adopted to overcome them.

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1. INTRODUCTION

Quadratch Autocomp Private Limited was founded by entrepreneurs Manoj Chandak, Pramod Nair, Ramachandra Rao Mylavarapu and Vijay Kiledar in the year 2010. The company was established to cater to two wheeler auto component manufacturers with specialised starter motor housings, in Pune city. A starter motor is a very critical component required for the smooth functioning of a complex mechanical system such as a two wheeler. The starter motor consists of many parts and housing is the most vital of all. The whole motor assembly is done upon the housing which gives rise to a starter motor. The housing, made of metal, is sturdy, durable and acts as a protective casing for other starter motor components.

Ramachandra Rao Mylavarapu, the director of operations at Quadratch is a mechanical engineering alumnus from NIT, Allahabad. Having worked for nearly three decades with various firms such as Kinetic Engineering Limited and HIL Limited among others, he felt the need to use his knowledge

and expertise to start a firm for manufacturing specialised automotive components. He discussed the plan with his friends Manoj Chandak, Pramod Nair and Vijay Kiledar, who readily agreed to be a part of the venture thus, establishing Quadratch in June 2010. His partners too, are graduate mechanical engineers with more than a decade experience in the automotive components supply market and well-versed with all production processes. The company was established with a combined vision of supplying customers with high quality aluminium components, identifying new clients and generating maximum possible employment.

A two-wheeler is a complex vehicle requiring many mechanical and electrical parts to build it before it is used on road for transport. Vehicle manufactures are called original equipment manufacturers (OEMs). The components that are used to manufacture a vehicle are supplied to the OEMs by various automotive component manufacturers in the industry known as Tier-1 suppliers. The Tier-1 suppliers

approach tier 2 suppliers for developing and manufacturing some of the components required for producing final automotive components. Tier-2 in turn gets some required components from Tier-3 suppliers and then Tier-3 from Tier-4 and so on. Business in this industry is interlinked and neither of them can survive without the other.

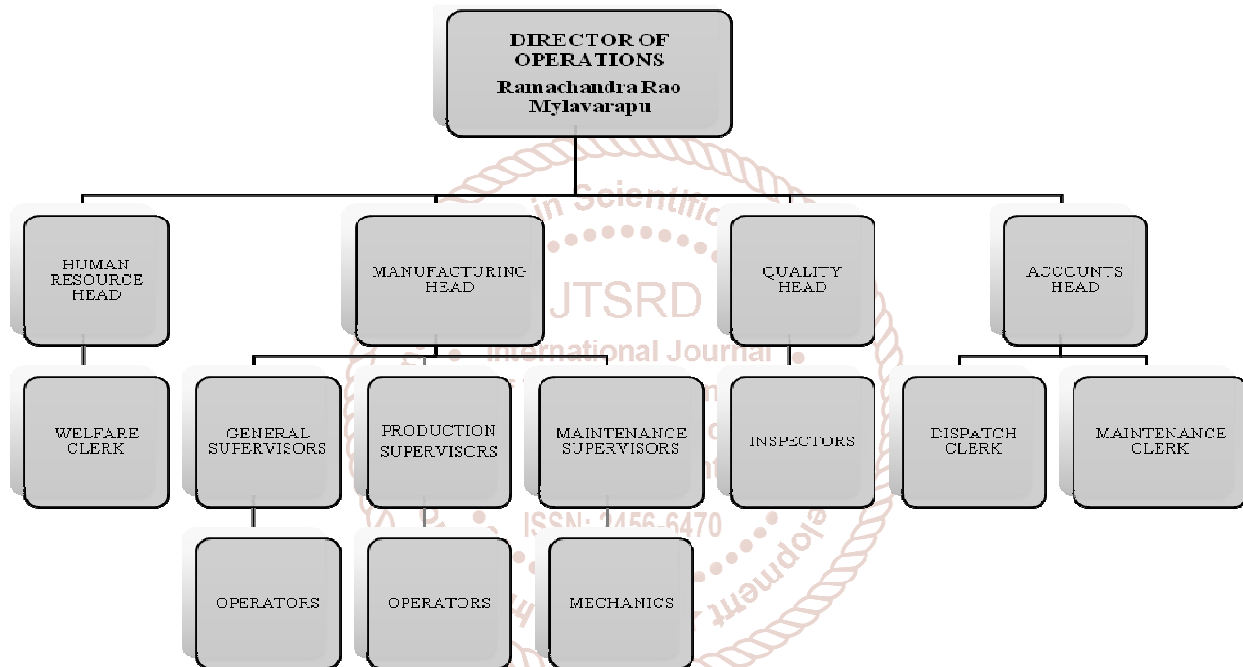
Tier-1 companies such as Flash Electronics Private Limited, Lucas TVS and others are on top of the supply chain. These firms are involved in manufacturing and supplying automotive parts such as starter motors directly to the OEMs. Next in line is the tier-2 companies followed by tier-3 and so on. Each of these companies supplies parts to the companies in the upper tier which eventually reaches the OEMs as a final product. Currently, Quadrtech is a tier 2 supplier to OEMs such as Hero MotoCorp and Bajaj Auto.

The company has its registered office at Jai Ganesh Vision in

Akurdi, Pune, while its work wear manufacturing unit is located at MIDC Chakan Industrial Area in Pune. Of the 8000 square feet land it owns at Kharabwadi, 4000 square feet has been utilized for establishing its manufacturing unit. (Infrastructure: Quadra Auto)

## 2. QUADRATECH'S ORGNISATIONAL STRUCTURE

Ramachandra Rao Mylavarapu is the director of operations at Quadrtech. Involved in the daily operations of the company, he is the only active partner at the firm, while the other three are silent partners. Reporting directly to Mr. Mylavarapu are the human resource head, the manufacturing head, the quality head and the accounts head. The manufacturing head has three supervisors under him, each having a team of workers for manufacturing the various components. Given below is the organizational structure of the company.



Quadrtech possesses the internationally recognised ISO 9001:2015 quality management standard certificate. In addition to the well experienced management team this certification helps the company attract new customers and inspire trust by improving the quality of manufactured goods and services. The company also retains its customer base by offering support through the product development phase making it a valuable supplier for them. (About Us: Quadra Auto)

## 3. OVERVIEW OF COMPANY'S GROWTH

The company was started in 2010, with an initial capital investment of Rs. 15 lakhs. In the eight years since establishment, Quadrtech has come a long way. With an initial turnover of Rs. 12 lakhs in the first year after establishment, it has today grown to become a Rs. 4 crore company with an annual turnover of over Rs. 8 crores.

With only 16 employees in 2010, today Quadrtech employs a total of 85 employees, including 17 white-collar workers and 68 blue-collar workers. The blue-collar workers are recruited through labor contractors.

The company initially used 1 Computerized Numerically Controlled (CNC) machine, for producing the starter motor housings. A CNC machine is an automated device that produces automotive components. It requires an operator to turn the machine on and set in instructions for manufacturing the components. Over the years with the expansion of the firm and its customer base, Quadrtech bought more CNC machines and presently has 8 of them.

Products manufactured include Aluminum Pressure Die-Cast Components and Aluminum Gravity Die-Cast Components. The company also specializes in prototype development and sub-assemblies. Equipped with modern infrastructure, the company is in a position to employ faster and effective working methods for carrying out the organizational functions. High capacity machines and the expensive quality control unit enable manufacturing products that are superior in performance and exceptional in quality. The warehouse is free of dust, pests and moisture ensuring hassle free dispatch. This is also partly possible due to the company's transportation facility that is efficient in meeting bulk orders within the agreed time period with the clients. (Infrastructure: Quadra Auto) (Products: Quadra Auto)

#### 4. ANALYSIS OF MANAGEMENT ISSUES FACED

Today, Quadratech claims to be Pune's number 1 tier-2 supplier. It is well funded and appears to be on the right track to become a tier-1 supplier by the end of year 2019, a goal that is its top priority now. But, its journey hasn't been one without challenges – challenges that the company has efficiently tackled over the years to reach where it is today. One of its first challenges came in the form of raising the required finance for setting up the work wear manufacturing unit at Chakan. Being a new entrant into the market made the banks shy away from giving the company loans. The partners had to depend on borrowings from family and friends. Quadratech was started with an investment of Rs. 15 lakhs in 2010 and the company was able to generate profits worth Rs. 12 lakhs in its first year of establishment. This, along with good future project proposals showing high profit projections, eventually got the company loans sanctioned from the Bank of Maharashtra.

Another challenge came in the form of marketing and building Quadratech as a brand across the automotive component suppliers market. The industry is fragmented with the presence of many players. Its high growth rate attracts many new players into the market. However, the extent of competition varies depending on the market segment or tier the supplier belongs to, which in turn affects the individual company sales and profit. Tier-1 companies on top of the supply chain do not have as many rivals as companies belonging to the tiers further down the supply chain. On the whole the market is complex and full of challenges. However, the challenges were overcome by Quadratech, and from being one in a market of many tier-2 suppliers, it has become number one in Pune city. This was possible by delivering orders on time which helped in winning the trust of its customers and expanding its customer base, the company also made use of effective and efficient production techniques.

#### 5. MAJOR MANAGEMENT ISSUES AND STRATEGIES

In 2010, when Quadratech was established it operated on a small scale. With a meagre investment of Rs. 15 lakhs the company had to pay for machinery, raw materials, hire workers, appoint a management team and build a factory. With no prior experience of running a business, the initial days were tough for the partners.

Of the 16 employees hired initially, 4 formed the management team, 3 were permanent workers and 9 were temporary workers. The temporary workers belonged to the different parts of India. During the first two years of establishment, Quadratech faced problems from these temporary workers as they would leave the job midway and either return to their hometown or find a new job elsewhere. Finding replacement at such times had become extremely difficult because the new labour has to undergo training all over again before they could become productive.

Another issue with the temporary workers was that if they went to their hometown for Diwali, they would not return back to work immediately. The workers would extend their holidays for a longer time. This would result in breakdown of work continuously for a few days. Quadratech was committed to hassle free and on time delivery to its customers, however owing to indiscipline on part of the workforce; the company lost a few customers initially.

Losing its customers, the company feared it may not be able to survive in the market and would have to close down. Thus, the company during its third year of operations, hired a contractor for supplying the workers, to overcome the problems faced in the earlier years. Being a manufacturing company, Quadratech cannot function without workers and hence the company had to take this decision to tackle the problem.

Six years since this change, Quadratech now hires semi-skilled and unskilled workers through a contractor. This solution has enabled the company to expand its customer base through on time deliveries and grow on to becoming the number one tier-2 company in Pune city. These workers are given on job training thus converting them into skilled labor force. The company sets monthly targets for the staff and workers and on achievement of these targets; the employees are eligible for incentives. Annual increments are also offered according to their performance. These incentives and increments against set goals make the workforce competitive and efficient.

#### 6. CONCLUSION

Quadratech crossed many milestones since its inception, be it in earning profits or retaining employees or expanding the infrastructure. After almost a decade into the automotive component manufacturing sector, the company is no more a start-up, but a major player in the industry. It has developed long term relations with top firms in the industry through its service, high product quality, expanded its customer base and provided employment to many. Its work has been appreciated several times and is reflected in the awards it has won more than 20 times since its inception. 'Best Vendor Award' given by its customers is a regular occurrence for Quadratech.

The company already functions at an optimum productivity level and is keen to grow the business but without expanding geographically. Quadratech envisages that it will become a tier-1 company by the end of year 2019. The company has mapped out a three pronged strategy for the same. The strategy comprises of first increasing the business investment for expanding the production capacity followed by adopting cost-effective manufacturing techniques and selling more products to its existing customers.

The opportunities in this industry are enormous and Quadratech is all set to capitalise them with its team.

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