

Manufacturing in India

Symphony solo

How a maker of air-coolers survived a disastrous diversification

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THE plastics factory in Sanand, an industrial city in Gujarat, looks like just another car-component supplier. A phalanx of moulding machines



No longer just for nabobs

makes parts for Tata Motors, GM and a new Ford plant which will open in Sanand this year.

But an assembly line on the first floor is assigned to an unsung and unusual multinational. A 90-strong team is assembling air-coolers for Symphony, which unlike better-known Indian companies—integrated, diversified conglomerates like Tata Sons or Reliance Industries—does just one thing, and does it so well that it is not only the leading brand at home, but sells more than a fifth of its production abroad.

Symphony's success started when its founder, Achal Bakeri, returned to India in 1988 with an American MBA, determined to sidestep the family property business. He spotted a gap in a growing market: cooling rooms. Air-conditioners, which work by compressing gas, like refrigerators, are costly to buy and run. Air-coolers, which work on simple evaporation, are cheaper—but the models on sale in India tended to be clunky, noisy appliances, made to order in simple workshops. Mr Bakeri designed an elegant, quiet, mass-produced alternative. Success came quickly, particularly after an audacious bet—a full-page advertisement in the *Times of India*, costing more than the then value of the firm's inventory—paid off.

Symphony gained a stock-exchange listing in 1994, but that was when the firm's troubles started. Investors pressed it to bring its innovative flair to other appliances, such as water heaters and washing machines. The idea looked fine: they sold in the same outlets as air-coolers, the technologies were akin and Symphony's main rivals had a wide product range too.

That logic proved flawed because the synergies in production did not extend to marketing. Consumers associated the Symphony brand too strongly with air-coolers to be tempted by its other lines. Richer competitors cut prices to prevent Symphony from gaining a foothold and used delays in product launches to copy its innovations. The air-cooler business was neglected. Sales dropped. The firm's debts mounted. By 2001 Symphony was a ward of India's state bankruptcy agency.

To save his firm, Mr Bakeri junked everything but the air-cooler business. Symphony develops the products and owns the tooling, but outsources assembly. And he took his single product global. In 2011 Symphony bought IMPCO, a Mexico-based firm that traced its lineage to Adam Goettl, who invented the air-cooler in 1930. IMPCO makes metal-cased coolers for industry. Symphony's first big order in this field was from an odd sort of factory. Baba Ramdev, a popular guru with his own health-food brand, holds industrial-scale yoga classes in the holy city of Haridwar. His yoga hall holds 25,000 disciples, who can deeply inhale the air chilled by 22 Symphony cooling units.

Shares in Symphony could be picked up for pennies in 2004. They now sell for 2,207 rupees (\$36), making it one of India's best-performing stocks over the past decade. Its comeback would seem to validate a mantra of Tom Peters and Robert H. Waterman, two management gurus, that companies should stick to businesses they know best. Mr Bakeri agrees—up to a point. Had Symphony not had such a close brush with failure, it would have stuck to the Indian market and never explored the global potential for air-coolers. "It was the best thing that happened to us," he says.

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