

Sobha integrates BACKWARD

THE MOVE has not only helped the realty firm to improve cost and operational efficiencies, it is also helping it evolve other business units

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It was started to attain self sufficiency but today, Sobha Developers' backward integration programme is throwing up huge business opportunities for generating revenues from outside the company.

So, what started as an effort to improve quality and cut cost and time of construction, is now evolving into a separate business for the realtor.

The division already has a long customer list of major realty and contracting firms, which is only growing by the day.

Sobha ventured into backward integration in 2000, when PNC Menon, chairman of the company, spotted a gaping hole in the operational cycle of the company.

P V Varghese, CEO of the glazing & Metal division at Sobha, says Menon was quick to plug the gap by embarking on a self reliance drive, which does away with discordant contractors. This, according to the visionary, would lead to smooth execution of projects. "Instead of dividing work between independent contractors, we preferred to work with units within the company for better co-ordination. The delivery time was faster as there was better understanding between our teams and everybody knew what the other was doing. When contractors from the outside were involved their working methods differed and therefore the interface was spoilt," he says. "The result was better quality at the right place, cost and time."

According to Varghese, it was also Menon's desire to have an end-to-end business that led to back integration exercise.

"While we had strength in concrete structuring, granite and floors, we were lacking in electrical glazing and metal works. The chairman then came up with the idea of an end-to-end business model, which would not just improve the quality of work but also cut the time of (project) execution. This led to the birth of our backward integration programme," said Varghese.

That's how Sobha set out to create the over 22-acre backward integration facility at the Jigani Industrial area that offers all resources required for their projects - from conceptualisation to completion.

Here, the three fully established units- a metal works and glazing factory, wood-work workshop and concrete products factory- meet all the material requirement of the construction major. The company's retail division manufactures spring mattresses under Sobha Restoplus and an array of home and office furniture under its Sobha modular furniture division. The glazing and metal division, consisting of 250 people, carries out work on designing, cutting, fabrication, insulation and assembling. "While 50% of the work is carried out in the factory, the rest takes place on the site," said Varghese.

An interior unit was also started, which engaged in wood work and manufacture of wooden products for doors, windows, floorings, panels, staircases along with making custom-built furniture.

C Sujit, senior manager at the realty firm's interiors unit, says the interiors business has done really well with marquee clients such as Timken engineering, Dell, Infosys, Baer, Leela, Taj Group, RMZ Infinity and sourcing from them. Another layer of self sufficiency involved building a concrete block making division over eight acres.

The fully mechanised plant uses high-quality German company Masa machines and design that churn out about 30,000 blocks per day with the capacity of the plant placed at 8 million blocks per annum. The unit manufactures concrete blocks, pavers, kerbs, water drainage channels, paving slabs and other landscape products.