

# Trust In Your Abilities



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**Sampath Mayakaduwe is an inspirational entrepreneur with a vision. Idea Group, has over a decade established itself as an innovative and competitive organisation in the country. The Group has diverse interest, significantly in software development, manufacturing as well as the retail and distribution of construction accessories. Utilising his background in information technology (IT), he has established a company that is constantly at the cutting-edge of innovation to enhance operational and manufacturing efficiency. He believes in being original, a concept which has resulted in the unique corporate culture at Idea Group.**

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### **Who is Sampath Mayakaduwe?**

My hometown is in Galle. After my secondary studies I joined University of Peradeniya in the stream of IT. Subsequently, I started my own software company, concentrating on developing software for the telecom industry. I was an outsourced developer for a large international telecom operating in Sri Lanka. Around this time, I registered Idea Holdings Company, which has now been in operation for nine years. Today the company has 18 subsidiaries and has a net worth of five billion rupees.

In 2012, we diversified the business and launched Sivilima, which is a chain of showrooms. To date, our Sivilima and Siyana showroom chains have a combined network of over 400 branches. We have three factories in Katana, Negombo of which one is South Asia's largest ASA based roofing sheet production factories. We are also the country's largest hardware material manufacturer for door hinges. At present, we hold 80 per cent of the market share of ceiling industry. Some of our other companies include Idea Imports and Exports, Idea Tools, Idea Industries and Idea Metals.

***We Had To Be Patient In Order To Acquire The Required Capital And Gain The Trust Of The Market. Banks Helped Us In The Initial Stages Of Our Journey.***

### **Tell us about your journey and about Idea Group?**

In the beginning, when I first arrived in Colombo, I had only 2,000 rupees in my pocket. I stayed at a friend's house. We only had a concept. Our first priority was to find suitable people to market our unique concept. I firmly believe in hiring those who are perfect for the role. Therefore, I was able to find good talent, people who were able to sell our products the way I envisioned.

Our main challenge in the beginning was in terms of a lack of capital, we could not expand the business at the pace that we wanted to. We had to be patient in order to acquire the required capital and gain the trust of the market. Banks helped us in the initial stages of our journey because they felt our new concepts

were worth investing in.

Today, Sivilima has won many awards and has been recognised as one of Sri Lanka's most innovative brands. In addition, the National Construction Association of Sri Lanka presented us the 'Best Stall' award at Construct 2017. Even our website has received awards. It is through trust and patience that we were able to reach this level.

### **Could you tell us about Sivilima?**

There are 202 Sivilima showrooms located across the island. In addition, we have another brand called Siyana, which has 200 showrooms as at December 2017. This month, we plan to add another 100 showrooms to the network. We have covered every province in Sri Lanka and by the end of February we will claim ownership to the largest network of showrooms in the country.

In terms of Siyana and Sivilima, our focus is on showroom placement and to always offer convenience to the customer. For example, if there is an inquiry on our hotline, we try our level best to take the service to the customer. Sivilima and Siyana showrooms operate on a franchise model. However, distribution and other services are provided from our central warehouse.

Simplicity is at the core of our marketing. Advertising, marketing and branding for Idea Group are all done in-house. We decided to select the name 'Sivilima' (Ceiling in Sinhalese), which is easy to remember. We built a brand around this name and the colour purple. Even our product names are simple. One of our products is called i-Panel, which is a generic product name. The strategy is that even if one of our competitors market the same product, they too would have to use the name i-Panel.

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We are very attentive to our strategies. When Sivilima grew in popularity, we identified a threat as there was scope for a competitor to enter the market. To counter this, we launched Siyana, another chain of showrooms with a similar product range. In the beginning, we showcased A-grade brands in Sivilima and B-grade brands at Siyana, however today there is a mix of products at both

showrooms. For awhile, the market was not aware that both brands were owned by us.

### **Why did you decide to enter into the manufacturing sector?**

The IT industry is one of the fastest growing sectors in the world and as a company that started small it was difficult to cost-effectively keep up with the pace. On the other hand, there was a boom in construction with the development of the Sri Lankan economy, therefore we identified an opportunity to expand our business. This is the reason for our diversification. Saying that, we have developed good Android based IT products for the Group. Although they are not in the market at the moment, there are many requests and inquiries for i-Note.

One of our factories was added to our portfolio after the acquisition of a company. Subsequently, we built two more factories. At all three factories, the cost of production is cheaper than that of China. This is because we use high technology and as a result our products are better and our price is competitive. Due to our shared services operational hub model, our overheads are less as well. In addition, we have a very flat organisational structure, which helps our cause. Due to difficulty in finding skilled labour in the country, we too have employed a few foreign staff in our factories. This in turn results in a transfer of knowledge to the Sri Lankan workers.

Under the i-Panel brand, we manufacture ceiling and wall panels. i-Panel offers an extensive product range in 32 colours. We identified that Sri Lankan market is sensitive to traditional concepts and many are interested in timber such as teak, lunu midalla and mahogany for ceilings. Using technology and our own research, we reproduced the colours of the timber to our product range. We have matched the colours to such an extent that it would be difficult to identify between our i-Panels and real timber. This product will contribute to the conservation of Sri Lankan forests. We believe we have already helped conserve as many trees as the extent of the Sinharaja rainforest. In addition, maintenance for our products is free of charge. The panels are lightweight, easy to assemble and easy to clean.

Recently, we started manufacturing a new roofing sheet, which is a new type of product for Sri Lanka. UV rays cannot penetrate the sheet; therefore, less heat is transmitted to the structure. It is also durable and lasts up to 40 years, colour is long lasting and the sheet is asbestos and lead free. The product is entirely manufactured in Sri Lanka with German technology. We invested one billion

rupees in the factory and are in the process of expanding production capability.

We are very mindful of our carbon footprint. Once we have completed a project, we make sure there is no wastage, usually leftover parts are reused or recycled. We work with the well-being of the environment in mind, both in terms of our manufacturing and services; we take care to avoid releasing anything that may harm the environment.

Idea Group plans to open a recycle plant in the future.

***Our Success Is Based On Efficiency. At Idea Group, We Have A Policy That Decisions Must Be Made Within Two Minutes For System Approvals. Once A Decision Is Made, Our Dashboards Are Updated Immediately.***

**You foster a unique operational culture within your organisation. Could you tell us about this?**

Our success is based on efficiency. The core Sivilima team consists of 26 members. We operate according to a shared services concept and therefore leverage on operational efficiency. IT, HR and Finances for the entire Group operate as shared services. Therefore, Sivilima itself is able to work effectively with scale. We extensively use technology to minimise the requirement of labour as large teams tend to be inefficient.

We mainly work on an Android based platform and operate in a paperless environment. As a result, information is available in real time and we are able to make quick decisions. At Idea Group, we have a policy that decisions must be made within two minutes for system approvals. Once a decision is made, our dashboards are updated immediately. The i-Note android operates in real time and are displayed every thirty seconds. Every employee uses the i-Note android application, they have access to i-Note and decisions are instantly communicated to them through the app; i-Note is essentially a decision making app that manages a vast array of functions including simple processes such as managing an employee's meal expenses.

All android applications that we use have been developed by us. All our apps, especially i-Note that the entire organisation uses, have been seamlessly integrated to a SAP backend. SAP is the only external software or system that is

used at Idea Group.

**Idea Group pays particular importance to recruitment. Could you tell us about your corporate culture?**

At Idea Group head office, we have a staff of 160, while the entire Group employees a total workforce of 750+directly and over 4000 employments have been offered indirectly.

We pay particular importance on the initial recruitment phase. We have a separate HR manual, and it is essential that every employee reads this manual once they have been selected; we also hold an aptitude test based on this manual. We consider the background of the employee, and prior to recruitment, especially at the executive level, we visit their homes, schools and place of worship to understand their value systems.

**One Of The Policies At Idea Group Has Been That We Will Not Repeat Or Copy Something Others Have Done. Therefore, Our Products And Concepts Have Been Developed By Us.**

Once hired, the employee receives substantial training. We follow a 'skills training matrix board', developed by us. We empower our employees and give them freedom to operate. We do not entertain personal tales and complaints; if the employee's performance is good, we empower them. Once staff are used to a culture such as ours, they find it difficult to work anywhere else as they cannot receive the same benefits. As a result, our employee turnover is quite low. As with all organisational operations, HR too operates based on concepts developed within Idea Group. For example, we do not use methods such as 5S or Kaizen. Instead, we enhance these systems and create a method that better suits our culture and organisation.

As we have a unique organisational culture at Idea Group, from the time a graduate joins, they are moulded to work according to our values and work ethics. We rarely hire employees from other organisations as it might be difficult for them to adapt to our culture. We prefer to provide opportunities to graduates and mould them. Priority is given to graduate students from the universities in Sri Lanka.

**There is a lot of creativity within the organisation. How has this come**

## **about?**

Since its inception, one of the policies at Idea Group has been that we will not repeat or copy something others have done. Therefore, our products and concepts have been developed by us. We have a strong team with more than hundred graduates. Even in terms of marketing, everything is done in-house, we have not hired a consultancy firm.

When I started the company in 2008, I had several options for the name. I was very careful with the selection of 'Idea'. Thereafter, we built upon this image, and for our products too we used the letter 'I', for example, i-Panel, i-Roof and i-Note. Based on our reputation, we feel that people are more confident about products that have a name beginning with the letter 'I'.

## **What are the plans for the future?**

In keeping with our culture, I will be retiring this year. We believe the CEO in the organisation should not be over 40 years of age, as they need to be dynamic and there must be new ideas. There will be a new CEO as of September 2, this year and I will focus my efforts on heading our research and development team. We invest greatly on R&D. Idea Group has 42 patents for various designs and concepts.

Our main focus is on the manufacturing sector and we are looking into the export market. We are currently exporting our products to countries such as Malawi, Ghana, Dubai and India. Our Sri Lankan operations will soon mainly focus on manufacturing, especially as we have identified that our factories in Katana are able to compete with factories in China. The raw materials we use, such as metal and PVC, are similar to those used worldwide. Through modern technology, we manufacture products that are efficient and with economies of scale. We are also set to start operations in Bangladesh this year. Bangladesh is located close to Sri Lanka. The country's population is eight times that of Sri Lanka - over 160 million and its landmass is twice that of Sri Lanka. In addition, their population is focused on four districts. We have also identified that our products, especially i-Panel and also i-Roof, are suitable for that market. This is why we decided to start operations in the country. Presently, we have hired a Country Manager for Bangladesh, he is a Sri Lankan who has had extensive experience working in Bangladesh. He is currently undergoing training and by March this year we hope to open our office in Bangladesh. We are still evaluating the business model to be adopted as we want to first study the market.

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We are also looking at establishing a brand in Australia, to further capture the international market. Our product i-Panel has already been registered in Australia. Sri Lanka is a renowned place for manufacturing, however it is difficult to pitch a brand to the international market from the country. There are too many regulations as well in terms of export. The 'Made in Sri Lanka' tag is well-respected worldwide, however, in terms of hardware and material, people usually have a tendency to think twice when it is made in Sri Lanka. We recently attended an exhibition in Dubai and found that once we mentioned that the brand originates from Sri Lanka, they showed less interest. We believe as a brand based in Australia, it might be easier for us to pitch the product to Dubai.

We have also identified that our products are ideal for the Western markets, especially in terms of the European and Australian construction methods. Therefore, we are also exploring opportunities to register i-Panel in Europe.

A company called Emerald Fund has invested in our Group, and we are planning to go public. Together we are working on an IPO. Our culture is geared towards going public, most of the structures for such a move is in place.

### **Thoughts on the industry and Sri Lankan economy?**

We are a private entity and operate independently. In 2016, we have paid taxes amounting to over 760 million rupees. We have no impediments from the Government.

Although there are limited facilities and infrastructure in the country for businessmen, there is a positive trajectory for the future and there are no external pressures. However, if there is a long term policy of tax structures, it would be beneficial for companies such as ours to plan ahead for the future. Due to the inconsistency in tax structures, the operating environment for various sectors change and this in turn affects our business. Such ad-hoc changes affect our ability to plan ahead.



We hope the Government will also take measures to assist entrepreneurs. For example, once when one of our new factories started, we had to operate on a generator for four months until the factory was connected to the National Grid. This was despite a considerable amount already being invested to obtain connectivity. It was a waste. Therefore, we feel, there should be an institution where the private sector can approach the Government and collaborate to avoid such shortcomings and inefficiencies.

In the current business environment, there aren't many entrepreneurs as many believe it is impossible to be an entrepreneur in Sri Lanka. However, Sri Lanka is a good country for new businessmen as well as for new ventures. But, one must be determined to strictly work in line with a plan and set systematic goals. It is important to have trust in your abilities.

