

ETHIOPIAN STEEL



Mr. George Arodi, Mr. Raushan Kumar, Ethiopian staff members and guests take part in the ceremony to officially launch the Gondor Service Centre.



The first roll-forming of corrugated sheeting being produced.



The official cutting of the ribbon.



The official opening of the Gondor Service Centre.

A CASE STUDY: TURNING A DISTRIBUTION CHALLENGE INTO A BUSINESS OPPORTUNITY

Located in the Horn of Africa, Ethiopia is home to 85 million people, making it the second-most populous nation on the African continent.

Ethiopian Steel PLC was established in 1997 and for 14 years (until last year), its sole operation was in Addis Ababa – the company was unable to unlock the further potential of the market.

The reason for this is that Ethiopian Steel is not Ethiopian owned and therefore, unlike locally-owned companies, is prevented by law from opening retail outlets outside its core production unit.

Out of these challenges arose the unique concept of Service Centres and Showrooms.

Service Centres are small production facilities situated in market nodes outside the logistical reach of the main production base in Addis Ababa. They produce for the market within immediate reach of their operation.

To increase local market awareness and offtake, **Showrooms** are located in high visibility cities and construction nodes. As Ethiopian Steel cannot 'sell' from these outlets, orders from the Showrooms are fed back to the closest Service Centre for

manufacture and speedy delivery. The company also provides a delivery service to customers through appointed service providers.

A **Field Sales Team** is attached to each Showroom, to sell into surrounding construction areas. The team of trained artisans (*fundis*) has experience in roofing and can also take roof measurements if required.

The company plans to extend this service to include the drawing of roof-plans using an AutoCad facility located in the Showrooms.

One service centre and three showrooms are now open. Keeping its main plant in Addis, Ethiopian Steel recently opened a Service Centre in Gondar and three more are planned for key regional states in Ethiopia.

The first Showroom opened in November 2011 in Megenagna, near the Addis City centre. Two more Showrooms were opened in Adama and Lebu in Addis Ababa in 2012.



Mr. George Arodi oversees the cutting of the ribbon at the Lebu Showroom inauguration.



Preparations for an Ethiopian Coffee Ceremony at the Lebu Showroom inauguration

THE WAY FORWARD

The Showrooms are playing a key role in the company's sale of value added products, as virtually the entire sale is of colour-coated material, plus limited quantities of thicker gauge, unpainted products.

The company posted a sale of 400,000 million Birr (US\$22,200) from the Adama Showroom in June 2012, with the same figure from Lebu, in the first month of opening in July.

By mid-August 2012, sales through the Lebu Showroom had hit US\$100,000 surpassing Megenagna which had registered US\$92,000 during the same period.

Ethiopian Steel PLC will launch four additional Showrooms in the near future, and has firm plans to cover the whole of the Ethiopian market by 2012, through the Service Centres, Showrooms, Distributors and Field Sales Teams.

Congratulations to Team Ethiopia for their innovation and great determination to turn a challenge into an opportunity.