

One stitch at a time

Machine maker eschews the hard sell to build its sales in Africa

By **WANG CHAO**

Ruan Xiaoming reckons he has always known clearly what he wants. Born into a poor family, when he was very young he yearned for hearty meals to fill a stomach that always seemed to be groaning for food. Later he went to school aiming to reach university, but poverty put an end to that, and he dropped out of secondary school.



AFRICA OPERATIONS
GEMSY NEW GROUP
Established: 1995
Employees: 200
Industry: Selling sewing machines, training local people to sew clothes and maintain and repair machines
Annual sales in Africa: \$30 million
Headquarters: Lagos, Nigeria; Algiers, Algeria
Website: www.gemtsy.com

RUAN XIAOMING



Chairman of Gemtsy New Group
Born: 1967
Career
 • Chairman of Gemtsy New Group (1993-present)
 • President of the Association of Young Entrepreneurs in Taizhou, Zhejiang province
 • President of International Chamber of Commerce for China's Private-owned Economy
Recognitions
 • National excellent entrepreneur of China
 • One of Ten Outstanding Youths of Zhejiang Province
 • Awarded Chinese Youth May Fourth Medal

Twenty years on, Ruan's ambitions are undiminished, even if they are a lot less close to home: he would like to play a role in putting clothes on the backs of people all over Africa.

Ruan is chairman of Gemtsy New Group, one of the top 500 private businesses in China in terms of turnover. It is in Taizhou, Zhejiang province, which has bred many highly successful entrepreneurs and was among the first cities in China exposed to overseas trade after reform and opening-up began in the late 1970s.

In addition to making sewing and cutting machines, Gemtsy makes light-weight wheel hubs. It has offshoot companies in 29 countries and agents in another 30, and its products are sold in more than 100 countries.

Even if Ruan's business card places him in the unglamorous world of sewing machines, his passport tells another tale. His line of work has taken him to more than 70 countries, 27 in Africa alone. He tells of his rude welcome to the continent when he first went there 20 years ago. In Nigeria he was robbed at gunpoint and escaped with his life only after handing over \$20,000.

That may now seem like small change for a business whose turnover figures are often in the millions. In fact, Ruan says that in the past year or two in most African countries the company's businesses have enjoyed a five-fold increase in turnover.

Turnover in Nigeria was \$3 million in 2012, and \$15 million last year, he says. In Ghana, sales came in at \$500,000 several years ago but hit \$5 million last year.

Sales in Africa last year accounted for 10 percent of the company's overseas sales, Ruan says, and he predicts the figure will rise to 30 percent in three years.

Gemtsy has a branch in Algeria and offices in Tanzania, Ghana, Nigeria and South Africa. "Labor-intensive industries like clothes-making are developing so rapidly in Africa," Ruan says.

"Many Western countries do not impose import duties on shoes and textile products made in Africa, and this gives us advantages in doing business related to these industries."

The most active areas for his industry, he says, are in western and northern Africa, where cotton is an important local product.

That contrasts with the cool reception Ruan received when he first visited machine dealers in Lagos all those years ago, only to find out that Chinese brands were

barely known there. So he offered a dealer 200 machines and said he was willing to wait until the machines were selling well before taking payment. At the end of the year, he says, he sold 25,000 machines in the continent.

Ruan's selling strategy in Africa is not conventional door-to-door soliciting. Instead the company forms relationships with governments and organizations to offer training to people in making clothes and maintaining and repairing machines.



The training is free, and technicians who go to Ruan's company to learn on site receive free food and lodging.

"Instead of doing traditional, annoying hard sell, we offer training so women can find work and young people can start their own businesses. So governments welcome us, and unemployed people like us even more."

In Algeria, the company works with 6,600 schools to train workers, from installing machines to teaching them how to sew. The government buys machines from Gemtsy and funds the training for unemployed people. After graduating, the trainees receive a certificate and a subsidy to start their own business.

"Geared with good skills after our training, the labor-intensive industry will develop faster in Africa and bring more business opportunities for us," Ruan says.

"And when they use a brand during their training, they will tend to use the same one when they start their own business, so we implant the brand name into their mind right from the start."

Moreover, when more people are en-

gaged in their own business, society will be much more stable and people's living standard will gradually improve, he says.

"That's what the government wants, too."

Some foreign brands, including from Germany and Japan, are present in Africa, but they operate through dealers and have no intention of carrying out training on such a big scale, he says.

Ruan is now stitching together a much bigger dream with his machines, starting with setting up a mega national trade zone in one of his major African markets. In this trade zone, the company will offer equipment and teachers to train thousands of workers to use the machines and then develop a clothes-making industry in the country. Four countries — Algeria, Ghana, Nigeria and Rwanda — have shown interest in the idea, he says.

Making sewing machines requires highly specialized equipment and skilled workers, Ruan says, so there are no plans to bring the whole production line to Africa in the near future. Instead the focus will be on spare-parts factories.

After 20 years in Africa, Ruan says, he often feels he is back in the China of 30 years ago, with cheap labor, an abundance of resources, and people eager to change.

It also reminds him of his early days. In the early 1990s, the village he came from had many small factories to supply spare parts for sewing machines in Shanghai, and he borrowed 2,000 yuan to set up a small workshop with five other people, with equipment they bought from a secondhand market.

Even at that time, Ruan's small business could not compete with the hundreds of sewing machine companies in China, so he decided to "head away from the highway to the byways", selling his products overseas.

After starting his business and first going to the Canton Fair, he says, he spoke no English, and could not even afford a 50 yuan ticket into the expo. So he stopped foreigners outside the gates and slipped them cards on which were a greeting and the phrase "sewing machines". He eventually received his first overseas order: 50 sewing machines at a total price of \$25,000.

Even if Ruan feels Africa today seems like a rerun of the China of years ago, he sees things changing.

"I think the world will see a major economic takeoff on this continent in three years. Just like China did in the past 30 years. I'm lucky to be one witnessing it."