

# Bonazzi Indo Joint Venture: Culture Clash or Pure Economics? Harvard Case Solution & Analysis

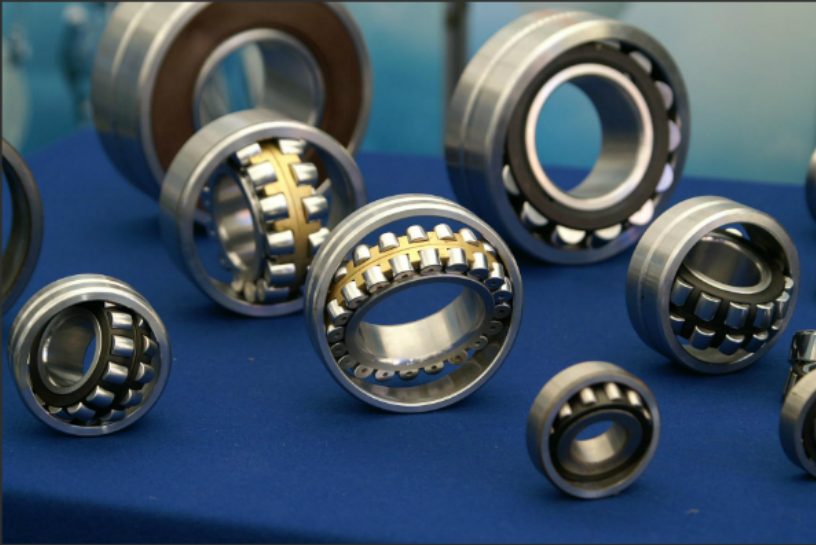
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## GRUPPO BONAZZI

- Founded in 1945 by Angeli, Italy
- Technology driven entity
- Global typed business
- 6 factories
- \$1.4 billion company
- 2004: Largest manufacturer of fasteners in Europe
- 2006: began to lose market share & volume
- Wanted to expand market to India or China



Bearing



Fastener



Casting

## GRUPPO BONAZZI

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- Founded in 1965 by A. Makhija , India
- Family oriented company
- Turnover : 550 billion USD
- 16 factories
- Started out as small retail outlet for automotive fasteners
- Most of the business in India
- Good relationships and low manufacturing costs
- Passenger market
- 3 good successful joint market

Source: 2010  
1. Revenue  
2. Profit  
3. Assets  
4. Liabilities  
5. Equity

2010  
Revenue: 550 billion USD  
Profit: 10 billion USD  
Assets: 100 billion USD  
Liabilities: 90 billion USD  
Equity: 10 billion USD

# Bonazzi & Indo

Italy

Global typed business

Technology oriented business

No JV experience

India

Domestic business

Family business

3 Success in JV

## *1997 - Technical license agreement*

Interested in Indian or  
Chinese market

Enter the passenger  
car segment

## *2006 - Joint venture : Creation of BIFL & IBFL without due diligence*

*Agreements governed through Indian laws*

Used equipments from  
French factory

Indo gave 20 mil

## Conflict

### ***Results from the use of French equipment:***

- Indian market: Low production
- High Logistics costs
- Faulty products in international standards

### ***What Indo wanted vs. What Bonazzi wanted:***

- Indo wanted more investment from Bonazzi for market opportunities
- Bonazzi wanted to lower costs

***Bonazzi ignored requests from Indo***