

## MSI: The Power of Vision

In 1975, Mr. Manu Shah the first generation entrepreneur took the first leap of faith in the basement of their home in Ft. Wayne, Indiana and established M S International, Inc. (MSI) which has risen from underneath to the apex of distribution business in the Americas. Today, it became the largest distributor of varied natural stones in United States and imports approximately 18,000 containers annually vis-à-vis maintains an inventory of approximately 20 million square feet nationwide. The company employs over 750 people worldwide including 225 people approx at its headquarters in Orange, California. In 2007, Manu Shah was named Ernst & Young's "Entrepreneur of the Year" in the distribution, manufacturing and security category. Initially it took them ten years to reach revenue of 1 million dollar and in the next 27 years they high flied their revenue to 400 million dollars which was the result of the strategic intent of Mr. Shah. Their primary focus has always been on new product development and innovation. Team STI interacted with the management of M S International, Inc. to find out the progression of MSI, its style of business, adoption of IT, growth factors, industry trends etc.



### Evolution of M S International Inc

The team of husband and wife Manu and Rika Shah started the businesses in 1975 from the basement of their home in Ft. Wayne, Indiana. The original idea behind the business was to open an opportunity

for Mrs. Shah to work at home during her pregnancy and generate additional income for the family, who had emigrated from India just five years back with less than \$1,000 in their pocket. Mr. Shah originally came to United States to get his Master of

Science in Mechanical Engineering from Purdue University, which he accomplished in 1968.

From 1974-1981, while they were getting MSI off the ground, Mr. Shah continued to work full time as a

mechanical engineer at International Harvester, a manufacturer of trucks and farming equipment. During those years, the natural stone industry was in its infancy, he served as a broker for selling blocks of granite to manufacturers located in the United States, primarily in the monuments industry.

In 1981, while still operating the business out of the basement of their home in Indiana, MSI secured the contract to supply the black granite for the Vietnam Veterans Memorial in Washington D.C. With their entire savings invested into this project, Mrs. and Mr. Shah spent endless nights making sure that the project was executed perfectly.

With the success of this project, Mr. Shah decided to pursue the natural stone industry full time. In 1984, Manu and Rika decided to move the

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company to Southern California, driven by their vision to succeed in distribution, a company must be located at focal distribution points.

From 1984 until the present, MSI has continued to grow. Till 1987, the business primarily served as a distributor of granite for monuments and tombstones. In 1987, MSI realized the market potential of natural stone for residential and commercial usage, had the most potential. Since then, MSI

has redirected its efforts towards developing this sector of the natural stone industry.

In 1997, MSI embarked on a vision to become the sole nationwide distributor of natural stone in United States. In

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2003, both Manu and Rika's sons, Raj and Rup, left their careers in investment banking to join the family business. Since their arrival into the company, MSI has opened 14 distribution centers in the U.S. and Canada and has amassed over 5,000 recurring

customers in North America.

Additionally, during this time, MSI has dramatically expanded its product offering beyond just natural stone from India. MSI is now among the top importers of natural stone in the world from virtually every major source country. MSI imports from all parts of the globe including India, Brazil, China, Turkey, Italy, Spain, Mexico and 29 other countries. Since its inception in 1975, MSI has grown its revenues organically every year.

#### MSI's Style of Business

They are the wholesale distributor of natural stone and porcelain for flooring, countertop, wall tile and landscaping applications. They maintains over 8000 truckloads of inventory covering all types of natural stone and porcelain including granite, marble, slate, sandstone, onyx, limestone, quartzite, mosaics, quartz, and travertine. MSI seeks to work with their customers to enhance the homes and projects of consumers in

North America by providing a wide selection of products that are innovative, affordable and accessible from a single supplier that is simple to work with. They adapt and change according to the time. The vision and strategic decisions taken by Mr. Manu are the main factors behind the phenomenal growth. MSI has continued to grow by focusing on new product development. It has also introduced porcelain and mosaics to their product offering.

#### IT: The Support System

MSI has the most advanced levels of technology available to unify the system and for supply chain visibility. Order processing and fulfillment operate seamlessly in real time, with multi-user capability in a networked system with over 150 terminals. Their state-of-the-art system delivers specific distribution management information and accuracy in order processing, status, and delivery scheduling. They believe in innova-



tion and in fact the first they did was to provide I-pads to their 350 employees to check stock and show pictures of their stock to customers. They

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provided the inventory access to selected customers too and I-pad application to allow customers to browse through their product line. Facilitation of vendor portal access has been given to all their vendors to access PO's, create shipments, see payments etc. An added service in terms of call center to support their customer has also been adopted. They believed information technology plays a very important part in the growth as it facilitates the business process

through easy flow of information across all channels and when you are doing business across a continent than it becomes a necessity.

#### Growth Factors

Investments at crucial times such as opening new locations during the recession of 2008 have worked out well for them. It opened branches at Miami, Florida, Oakland, Houston,

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Texas, Seattle and many more locations. Moreover, they expanded their existing locations in terms of adding more floor area i.e. 30-50% at Orange, New Jersey, Atlanta, Boston, and Chicago. They also invested heavily on IT platforms such as

upgrading inventory planning modules, I-pads, RFID etc. The company retained employees even during the crisis period and in fact added more than 100% in the last 5 years. Further, added new products to their existing product line. While the industry has shrunk by over 40% since 2006, MSI has grown its revenues by over 73% during the same time period.

#### Latest trends in the stone industry

Whites and grey are very popular colors right now in the United States. Marble is increasingly being used for countertop applications. Rectangular sizes of natural stone flooring are becoming very popular as people are getting tired of the typical square look. The use of granite as a backsplash is dramatically reducing and consumers are looking to add an additional plane of décor to their kitchen by combining natural stone and glass into mosaics used for backsplashes. **STI**

