

Of models and milestones

Business of Excellence is a historical account of the Tata group's on-going tryst with excellence. We carry excerpts from two chapters of the book

Raising the bar

by Ratan N Tata, Chairman, Tata Sons

What the business excellence mission has accomplished is make us take a hard and uncompromising look at ourselves — at the way we were and the way we are. That gave us the opportunity to forge a better future for ourselves. However, our acceptance levels are still not as high as they should be. We have yet to seek excellence in all that we do. We hang a picture slightly crooked and live with it for ten years; this should bother us the first time we see it, and keep on bothering us until it is set right.

As a country we seem to be satisfied with whatever is offered to us. I don't mean to sound finicky, but we have to ask ourselves — a lot more than we do — why things can't be better. That would be a giant stride on the road to excellence.

TBEM serves an extremely useful purpose for the group. This whole programme is really about corporate leadership. It is not about winning a prize or award; it relates to putting processes in place and shaping a mindset that makes us better as an organisation, that make us more conscious of our requirements.

— Excerpted from the chapter The vision

A touch of quality

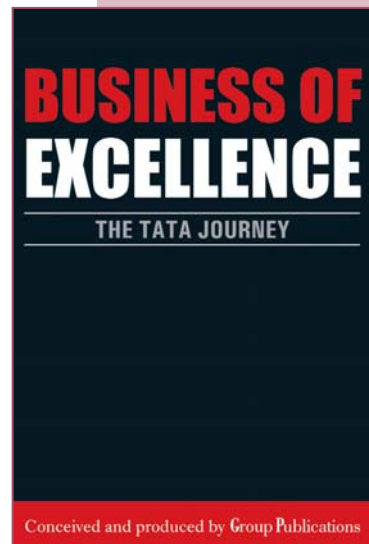
For nearly two decades, after emerging from the stagnation of the years preceding India's economic reforms, Tata companies have been treading the path of quality and business excellence. They have introspected, learned and evolved in business performance, shareholder concerns, employee interests, customer focus, the development and creation of world-class products and services, environment and community issues, geographical expansions and much more. The results are there for all to see.

The impact is worldwide. Today the Tata marque is one of the most respected in the world. Premier Tata companies have established a global footprint and share a table with the biggest players in their respective segments. Consider these facts:

- ▶ Tata Chemicals is the world's second-largest producer of soda ash.
- ▶ Tata Motors is the world's fifth-largest manufacturer of commercial vehicles.
- ▶ Tata Steel is the world's sixth-largest producer of steel.
- ▶ Titan is the world's fifth-largest watch manufacturer.
- ▶ Tata Consultancy Services (TCS) is Asia's No 1 information services company.

Not surprisingly, all five are standout performers in the Tata Business Excellence Model (TBEM). All five are JRD QV Award winners. And all five are beacons of quality consciousness, blazing new trails and inspiring their siblings in the Tata group.

Numbers paint a positive picture of the Tata family. The group's 100-odd companies earned \$62.5 billion in 2007-08. More than half of this revenue came from companies that are JRD QV Award winners. Even more tellingly, these companies contributed about 80 per cent to the group's net profits. Almost all of the group's profits were pulled in by companies that had



Business of Excellence - The Tata journey

Publisher: Group Publications

Pages: 196

crossed the 500 mark on the TBEM scale.

A tale of transformation

Performance can be measured as profits, but in the Tata group the business excellence voyage has changed more than balance sheets; it has fundamentally altered the aspirations, strategies and operations of Tata companies and carried them to global shores. While Tata Steel operates a 100-year-old steel plant in Jamshedpur in eastern India, it also owns Corus, Europe's second-largest steel producer, has coal and limestone mines in Mozambique and Thailand, a shipping company in Singapore and a steel wire subsidiary in Sri Lanka. Tata Chemicals has some of the world's best natural resources of soda ash, in Kenya's Rift Valley and in Green River, Wyoming, USA. It also has plant in the Netherlands, Britain and the United States.

This strategy of establishing global brands in global markets is not limited to JRD QV Award winners. For years Tata Tea operated as a plantation company focused on cultivating tea leaves. Now it is concentrating on the growth of its international beverage brands, among them Tetley, Eight O'Clock Coffee and Good Earth Teas, names that evoke immediate recognition. Tata Power, tethered for so long to its base in near Mumbai, has acquired stakes in Indonesian coal mines to fuel its super-critical, technology-based 4,000-megawatt power plant in Gujarat, while also branching into shipping to reduce its coal transportation costs.

Tata companies are trying to compete and establish themselves on international trade maps with world-class products and services. This takes a high level of competitiveness, a focus on costs, inputs and resources, the skill to leverage strengths and opportunities, and outstanding production capabilities.

That's where TBEM has played a key role. It provides a framework that permits companies to change from being product-oriented to process-oriented. "The model allows senior managers to free themselves from fire fighting and concentrate on strategy," explains Sunil Sinha, chief executive officer of Tata Quality Management Services (TQMS), the organisation that guides group companies on the excellence journey.

Tata Metaliks is an example of the point Mr Sinha is making. This Kharagpur-based pig iron producer is implementing a multi-pronged strategy based on organic growth (setting up a new blast furnace), acquisition (three blast furnaces belonging to Usha Ispat) and a joint venture (with Kubota Corporation of Japan to make ductile iron pipes). The Tinplate Company of India was a loss-making company in the late 1990s. Today its results are at an impressive level, mainly due to the hefty domestic market share the company commands and its efforts to export one-third of its production.

Not all improvements are of the path-breaking kind, but they all add up. At the Taj President in Mumbai, India's commercial capital, a tea tray that took 10 minutes and 79 steps to set is now ready in five minutes and nine steps. At the Taj Coromandel in Chennai in southern India, a store's reorganisation has freed up 1,000 square feet of valuable space, reducing inventory and saving serious money. At the Titan watch assembly plant in Hosur in southern India, the time between the initiation and completion of a production process has dropped from 17 days to fewer than 10.

Areas of improvement

The impact of TBEM has been most dramatic in three areas: strategy planning and deployment, operational efficiency and the competitiveness of the company.

Ten years ago, few Tata companies were conversant with strategic planning. In 1998-99, when filling out the TBEM application, current Tata Steel managing director B Muthuraman wrote a two-page note on the company's strategy planning process — with some difficulty. That's unthinkable today; Tata Steel now has a separate cell that looks after the strategy function. "The business excellence process has helped our companies understand what strategy is, how to develop it and how to deploy it," says Mr Sinha.

G Jagannathan, executive vice president at TCS and a former chief executive of TQMS, speaks proudly about the gains achieved with TBEM, "At TCS we have a strategy development process that is truly world class," he says. "Our customer satisfaction and association satisfaction numbers have been steadily improving over the years. Customer satisfaction stands at 87.7 per cent and associate satisfaction stands at 73.7 per cent, despite us adding 30-40 per cent more associates in the last two years. Our delivery excellence is a benchmark in the industry and our market penetration is smooth."

Customer focus was practically unknown in group manufacturing companies. That has changed, too, with the customer becoming paramount in many Tata enterprises. Tata Motors has developed a customer relationship management and dealership management system that it uses to track 900 outlets across India. Even non-service entities, such as Tata Refractories and Tata Ryerson, have made the transition from being nearly deaf to customer requirements to being all ears and concern. ●

— Excerpted from the chapter The impact

For a copy of this book, please contact:
Tata Quality Management Services
Email: tqms@tataquality.com