

Rollercoaster ride

Tata Motors' strategy has been to de-risk business by focusing on less-cyclical segments such as passenger transport and small commercial vehicles, and following a systematic cost reduction programme, says **PM Telang**, MD, India operations, in an interview with *Tata Review*

The last 12 months have been a rollercoaster ride for Tata Motors. How would you characterise this period from a historical (long-term) perspective as well as a short-term perspective?

The last 12 months have been very significant for Tata Motors' development. We have created the building blocks for further progress, both in India and abroad, in the areas of product development, market expansion and system capabilities.

We have launched some major products starting with the Nano in March, including the new generation Indica Vista, the Indigo Manza and the new world standard Prima truck range. We have also introduced variants of our Ace mini truck and pickup vehicles. All these products are receiving very encouraging responses in the market.

Our capability to network across our global centres in product and technology development add to cost effectiveness and make us better prepared to leverage the opportunities that will emerge.

What kind of lessons has Tata Motors learned from the trials and tribulations of the recent past, especially on its global acquisitions strategy? Do you think the company has overreached itself?

While it is true that the automobile industry, impacted by the global financial crunch, did take a downturn just after our acquisition of Jaguar Land Rover, I believe that Tata Motors has taken the right decisions in its acquisition strategy. As the situation improves, which it has already started doing, it will become apparent how appropriate and beneficial our strategy has been.

Tata Motors has demonstrated its ability to make a success of its acquisitions in the past — as, for example, with Tata Daewoo Commercial Vehicle. The turnaround in Jaguar Land Rover has already begun, and will get strengthened as we go along. Going forward, the robustness of our business will be demonstrated with the implementation of our new business plan and the investments that the company is making in new product development.

What are your plans for the immediate future?

We will continue to expand our range but our focus now is on consolidating the business with our latest launches.

Insuring itself against cyclical business downturns has been a long-running theme with Tata Motors. Is the company any closer to doing this?

The cyclical nature of the automobile industry is a fact of life. After the last downturn in 1999-2000, Tata Motors had drawn up a new strategy for de-risking the company. The key elements of this were: more relevant product development; focus on less cyclical segments such as passenger transportation or smaller trucks; becoming



PM Telang

“The last 12 months have been very significant for Tata Motors' development. We have created the building blocks for further progress, both in India and abroad, in the areas of product development, market expansion and system capabilities”



more cost-effective and continuously improving the gains; and expanding our international presence.

We have made progress on all these fronts and because of that we have been able to counter the downturn of 2008 to some extent. We have been able to rapidly pick up steam as finances began to be available and demand began to trickle in.

Product development in Tata Motors is effected through global collaboration. What are the pros and cons of following this model?

Collaboration has played a big role in our product development efforts. The Tata Motors-Fiat collaboration, for example, has helped in developing our new generation cars. It has also allowed us to offer Indian customers a wider combined portfolio of Tata and Fiat cars.

The co-creation with Tata Daewoo, Hispano Carocera and Marcopolo has helped us to launch new products in the commercial vehicles segment.

Collaborations help in harnessing the worldwide knowledge base and in coming out with a product faster than would have been possible for any one company individually.

The challenge really is to ensure that people and entities work towards the shared purpose.

How are Tata Motors' integration efforts with the companies it has acquired progressing?

Our focus during the integration process has been to ensure that each entity retains its individuality and unique identity, while contributing to each other wherever possible. And that is why we have been successful with our acquisitions and will continue to be so in the future.

What will it take for Tata Motors to become a truly outstanding global auto manufacturer?

I think we need to be more consistent in the quality of our products and in our customer service, bringing them on par with industry leaders.

On a scale from one to ten, how would you rate Tata Motors on innovation? Does the company have the expertise and the potential to compete, say, in a market where environment-friendly vehicles are the norm?

I would rate Tata Motors fairly high on innovation. With the Tata Nano, the new generation Indica and Indigo, and the Ace and the Prima range, we have demonstrated our ability to convert market insight into appropriate products, working to very stringent cost targets. We have to bolster it with consistent quality.

We have taken significant strides

in new technologies that will be required in the future. Environment-friendly norms will be delivered through current petrol and diesel internal combustion engines, as well as electric or hybrid ones.

We have already developed electric and hybrid tractions. The Indica Vista electric and the Ace electric vehicles will be launched in the next two years in relevant markets. We believe hybrid is an appropriate technology for public transportation and have developed a hybrid bus, which will be extensively test-driven next year.

Apart from product innovations, there have been many process innovations. The systematic cost reduction in Tata Motors, for instance, has already become a benchmark process.

You have just taken over as the company's chief executive. How has the experience been thus far? Do you expect your challenges to get less severe as the recession lifts?

What is heartening is the purposefulness and dynamism that I see in my 23,000 colleagues. It tells me that they are ready to face any challenge that the market may throw up. I am humbled by the thought that I have the responsibility to guide them in our quest for a larger and larger market share. ●