

A wealth of wellness

Tata Chemicals has gone from being the flavour of the year to becoming a parable for our times due to good, old fashioned business virtues of vision, competence and teamwork

THE HUMAN TOUCH OF CHEMISTRY

PARAS NPK
NUTRIENT RICH
FERTILIZER

PARAS DAP
DIAMMONIUM PHOSPHATE

PARAS UREA
NUTRIENT RICH
FERTILIZER

PARAS ZINC
NUTRIENT RICH
FERTILIZER

53 GRADE
ORDINARY PORTLAND CEMENT

PPC
PORTLAND POZZOLANA CEMENT

TATA SALT
Add Life!
Add Health!

TATA SALT LITE
LOW SODIUM SALT

TATA SHUDDH
TATA CHEMICALS LIMITED
53 GRADE
ORDINARY PORTLAND CEMENT
NET WT. 50 Kg

TATA SHUDDH
TATA CHEMICALS LIMITED
PPC
PORTLAND POZZOLANA CEMENT
NET WT. 50 Kg

May you live in interesting times." Despite the gently hopeful cadence, the Chinese mean this as a curse when they say it. For Tata Chemicals, though, it is a blessing that has blossomed in full measure, signalling the global coming of age of the company.

Tata Chemicals has been quietly efficient, thoroughly competent and steadfastly focused as it expands and recasts its operations and objectives, establishing a presence in striking new geographies, finding fresh business opportunities within existing spheres of capability, and laying the ground for a future where research and innovation deliver consistent excellence.

The long haul back from the brink, where it found itself in 2000, has been for Tata Chemicals an odyssey of adventure, discovery and the realisation of the potential it always possessed. Over the last four years the company has secured a compound annual growth rate of 31 per cent, increasing revenues from Rs1,535 crore in 2003-04 to Rs5,982 crore in 2007-08, with profit after tax rising from Rs197 crore to Rs513 crore over the period.

Going global

Tata Chemicals has, just as impressively, spread its wings to Europe, Africa and the Americas during this time, reaching a revenue-sharing split that, in the first quarter of the current financial year, stands at 47 per cent from the Indian market and 53 per cent from international operations. In 2007 the company achieved its highest-ever numbers in almost every sales category, from soda ash (its principal product in the chemicals sector) and branded salt (in consumer products) to urea and agricultural services (part of its fertiliser business).

The chemicals tag in its name is a bit of a misnomer, because this is a company that does a lot more than produce chemicals. Fertilisers — or the crop nutrition and agri business, as it is now called — pulled in 46 per cent in revenues



Homi Khusrookhan

for Tata Chemicals in 2007-08. This figure could rise further still as Khet Se, the fresh farm products joint venture with the Irish company, Total Produce, begins to flower. Then there's the packaged salt segment, where Tata Chemicals' market share now stands at 54 per cent.

"There has been enormous change in Tata Chemicals over the last five years," says the soft-spoken Homi Khusrookhan, who took over as the company's managing director in 2004. "What is remarkable is we have achieved all that we have with the same team of people that came together in 2000 to undertake a turnaround in the company. It reflects the ability of a well-chosen team to change gears when needed."

Mr Khusrookhan draws attention to "the three cultural pillars" that have raised Tata Chemicals to heights not previously scaled: proactive cost focus (which was truly required during the turnaround), agile execution (this has been of particular relevance to the company's acquisitions) and inclusive collaboration (teams working together and coming to terms with their business environment). Add to that a fourth pillar, enduring care, which means nurturing its people, the environment and the larger cause of sustainability. This ethos is embodied in the tagline, "The Human Touch of Chemistry", that the company has adopted for itself.

The acquisitions play

The acquisitions chapter is an integral part of Tata Chemicals revitalisation story. The first big one was the

"This is a company that likes to reflect, to learn from its experiences and the experiences of others. This is a happening place"

extension of the company's fertiliser business into phosphates through the merger with Hind Lever Chemicals in 2004. This was followed, in 2005, with the purchase of a 33-per cent equity stake in Indo Maroc Phosphore (IMACID), Morocco, which ensures a constant supply of phosphoric acid and access to the North Africa and Middle East regions for fertiliser manufacturing.

Both acquisitions pale in comparison with the \$180-million buyout from a venture-capital consortium of the British company Brunner Mond in December 2005. Established in 1873, Brunner Mond was once part of the mighty Imperial Chemical Industries which owned the Magadi Soda Company, a Kenyan enterprise that sits on a goldmine of natural soda ash in East Africa's Rift Valley. Brunner Mond's credentials are commendable: it works with 1,500 customers, has plants in England and Holland and is Europe's second largest producer of soda ash.

The Brunner Mond acquisition was eclipsed by Tata Chemicals' purchase in March 2008 of General Chemical Industrial Products (GCIP), an American powerhouse that is one of the world's largest manufacturers of soda ash. This audacious acquisition has made Tata Chemicals the second-largest soda ash company in the world (with an output of 5.5 million tonnes per annum) while enhancing its access to natural, low-cost soda ash. Additionally, GCIP provides Tata Chemicals with crucial insulation if there is a downturn in the commodity cycle. It also gives



R Mukundan

“We need to look at adjacent business opportunities more closely... This could lead us into new areas, even the next stage in the transformation of Tata Chemicals”

the company a presence in all four major continents.

“I don’t think we’ll ever regret buying GCIP,” says Mr Khusrokhhan of the \$1-billion acquisition that was completed in 15 days flat. “It makes us better equipped to face the future. I see it as the beginning of the process of becoming the world’s premier chemicals company. That’s a difficult task for what is essentially a one-product company, but we will get there. What will this mean? It will mean having the best people, the

best processes, the best products and, perhaps, the best customers.”

Coming together

How does the Tata Chemicals tale play out from the point of view of the acquired? “Going forward, I see Magadi Soda retaining its identity, albeit under the wider umbrella of Tata Chemicals,” says James Mathenge, the managing director of the Kenyan company. “We have a distinctive brand and it does not make sense to abandon it. We debated this when the acquisition happened and the thinking

has been to sustain the brand, simply because it has a lot going for it.”

GCIP president and CEO DeLyle Bloomquist talks up the marriage with Tata Chemicals in terms of increased scale and improved access to resources. “Kenya, India, Europe — the trick is to coordinate the activities of our operations so that we can maximise their potential,” he says. “Our access to capital and to additional people and personnel, to the engineering and management domains, is another advantage of being part of Tata Chemicals. The Tata reputation is sterling within the soda ash industry and so is GCIP’s. We can all get stronger thanks to us coming together.”

“Tata Chemicals has encouraged us to modify our approach, from the cost-cutting culture that had become the norm over the last 20 years to one of growth and high aspiration,” says John Kerrigan, Brunner Mond’s managing director (Europe). “Since the takeover we



Imacid, Morocco



General Chemical, US



Brunner Mond, UK



Magadi Soda Company, Kenya

have been encouraged to make substantial investments in developing our value-added businesses; this after we had spent the previous 10 years on sustenance investment. I think Tata Chemicals gives us the potential to be able to respond swiftly to opportunities; they are almost breathtaking in the speed with which they react to an opportunity.”

Mr Khusrokhhan goes the extra yard to dispel the impression that Tata Chemicals' acquisitions have been merely growth for growth's sake. “Each has had a strong strategic logic: Brunner Mond was an attempt to migrate the skills and experience we had in soda ash onto a larger and more relevant international canvas. It gave the company access to global customers, new geographies and its first major source of natural soda ash, in Magadi. The GCIP acquisition gives us access to more natural soda ash, it expands our reach to Latin America, and it allows us to participate in the trade flows of soda ash around the world.”

There's more in the chemicals basket at Tata Chemicals than soda ash, as R Mukundan, executive vice president, chemicals, is quick to point out. “We are the world's third-largest player in sodium bicarbonate and our consumer products business has grown from a single-brand offering to multiple brands with products at several value points,” he says. “Through consumer products we have depth of penetration in the Indian market and through industrial chemicals we have our global breadth. Our senior leadership comprises a team drawn from the United States, Kenya, Britain and India. In essence, this is a story of business transformation in multiple dimensions, of scale, scope and diversity.”

Fertilisers to crop nutrition

Transformation of a different kind is also the theme for the other, less visible, half of the Tata Chemicals business bouquet, crop nutrition. Favourable changes in the Indian government's policy on the pricing of fertilisers, the mushrooming and rising influence of the Tata Kisan Sansars — a network of resource centres that offers agricultural products and

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solutions through some 600 outlets and connects to more than 3 million farmers — and the launch of Khet Se, the food produce joint venture, have injected vitality to and refocused attention on a business long seen as playing second fiddle to its chemicals sibling.

“We renamed the business because we were going beyond fertilisers and giving the farmer services and solutions,” says Kapil Mehan, executive vice president, crop nutrition. “We started looking at the business differently, from the farmer's perspective rather than from a production point of view. And that really has been a mindset change.” Adds Mr Khusrokhhan, “We are, in a way, doctors of soil health; we can do so much more than sell just fertilisers through traders.”

Mr Mehan reckons Tata Chemicals and other companies in the farming space can help ease the crisis in Indian agriculture. “The problem has three parts: first, productivity is not growing as it should; second, our farmers are not able to connect well with markets; third, farmers don't want their children to be farmers; they want a better lifestyle for their kids and they think only the city can deliver that.



Kapil Mehan

“We at Tata Chemicals are trying to counter the negatives by finding new and customised services and solutions for crops, by scouting the world for new produce [fruits and vegetables] that can be cultivated in the Indian environment, and by developing the skills and competence of our field force so that they can be of real use to farmers.” Mr Mehan says further changes in government regulations would be welcome. “We feel the time has come to free this industry of price control.”

Fresh food idea

The Khet Se enterprise is aimed at providing farmers with just the kind of backing they need. A cash-and-carry business with state-of-the-art facilities for the sourcing, packaging and distribution of fresh fruits and vegetables across India, it has kicked off operations with a distribution centre in Malerkotla, Ludhiana. A second centre is scheduled to open in Mumbai by the end of 2008 and there are expected to be 20 such centres in three years. “We source directly from farmers and deliver directly to retailers,” says Mr Mehan. “We have apples coming in from Himachal, bananas from Jalgaon and grapes from Nasik.”

Tata Chemicals, which took the better part of two years to cement the Khet Se partnership with Total Produce, sees the venture as addressing the farmer's difficulties in reaching his fruits and vegetables to the retail market. This means eliminating middlemen, getting a better price and sustaining the quality of the product through delivery to the end consumer. “We felt we could succeed if we created a structure where we teach the farmer how to grow better crops,



how to deal with post-harvest issues, how to reduce the chances of bad handling and how to feed his produce into the retail market.”

The Tata Kisan Sansars have been vital in making the Khet Se initiative a promising prospect. “The Sansars are a phenomenal platform for the company,” says Mr Khusrokhani. “They may not be vitally important to Tata Chemicals’ bottom line, but they are fundamentally important to the way we do business in the agricultural space. The fresh produce business is attractive for us because of the excellent relationships we have built with farmers over the years. There is more than mere commerce here.”

Tata Chemicals is not just focused on the here and now. It is looking ahead into the future. The medium for this effort is the innovation centre it has established in Pune, and the areas being concentrated on are biotechnology and nanotechnology, with crop genomics and biofuels thrown into the mix.

“In terms of R&D this is a modest beginning but the centre has all the ingredients needed to ensure longer-term success,” says Mr Khusrokhani. “The idea of creating it was founded on the premise that, over the next five-ten years, the chemicals industry will be faced with several challenges on issues such as shortages of energy, water and other natural resources, and of course, climate change; we will have to develop cleaner and greener processes. Additionally, we need to develop a new range of products that can be a third stream of offerings, outside of soda ash and fertilisers. One of

the areas we have now entered is biofuels. This business has a good fit with Tata Chemicals because it sits squarely within the intersection between chemistry, agriculture and technology.”

People dynamic

In all of these and other initiatives, the people dynamic remains central to Tata Chemicals philosophy of “The Human Touch of Chemistry”, which is rooted in a continuing commitment to the communities around its facilities, the environment, its workforce and even the new business areas that the innovation centre explores. The outcome manifests itself in myriad ways: meeting the needs of the poor in health and education, livelihoods and conservation; emphasis on workplace safety; employee engagement programmes — among them Home Shanti Home, which is about not staying back in office after 6.30pm — environment partnerships with the Wildlife Society of India, the Bombay Natural History Society and the Energy and Resources Institute; and minimising the company’s carbon footprint. “The goal is to practise green chemistry,” says Mr Khusrokhani.

Success has not been a constant for Tata Chemicals, which has had to deal with its share of setbacks and challenges even in what has mostly been a time of renewal and rejuvenation. Delays in commissioning the new plant at Magadi in Kenya have taken their toll and the steep rise in the costs of inputs, in both the chemicals and fertilisers businesses, has been a big burden. Then there’s the threat posed by the global economic meltdown.

“We are in a turbulent period once again and we are being cautious in our approach,” says Mr Mukundan, “but we believe we will emerge from this scenario in a stronger position. We need to look at adjacent business opportunities more closely than ever before. This could lead us into new areas, even the next stage in the transformation of Tata Chemicals.” Brunner Mond’s Mr Kerrigan does not see any deep dips in the short term, but he qualifies his forecast. “The wider view in Britain right now is that we are in danger of talking ourselves into more trouble than necessary. The only true certainty, though, is that all predictions will be wrong.”

Whatever the challenges may be, the way forward for Tata Chemicals is clear enough: completing the integration process at GCIP, improving operations at Brunner Mond and Magadi, upping capacity utilisation levels across its plants, building the fresh produce and biofuels businesses, and growing its sodium bicarbonate business.

“One of the challenges before Tata Chemicals today is to ensure that we do not become complacent,” says Mr Khusrokhani. “What is gratifying is that, despite our considerable achievements, we continue to be a restless bunch of people, seeking to expand, doing innovative things and being in perpetual motion. This is a company that likes to reflect, to learn from its experiences and the experiences of others. This is a happening place.” Whoever said you’re better off not living in interesting times? ●

Family values

The acquisitions adventure that Tata Chemicals embarked upon has been a story of sharing and caring, understanding and being understood

The Tata Chemicals of the present is a bit like the great Indian joint family, with different branches safeguarding a singular idea, the unity of the many furthering a common cause, and a decisive centre keeping its members going in the desired direction. Like with the joint family, the advantages of coming together are clear and manifold. Unlike it, the fault lines and potential pitfalls are few.

The acquisitions agenda that has seen Tata Chemicals add sinew and muscle, growth and geographical spread is remarkable in more ways than one. It has enabled the company to extend its footprint to Europe, the Americas and Africa, made it the world's second-largest producer of soda ash, and given it a legitimate shot at becoming a global leader in its business.

Tata Chemicals' first significant stride down the inorganic growth road happened in 2004, when it merged with Hind Lever Chemicals. In 2005, it bought a 33-per cent equity stake in Indo Maroc Phosphore (IMACID), Morocco, which delivered access to the North Africa and Middle Eastern regions for the company's fertilisers.

The same year, Tata Chemicals acquired the British giant Brunner Mond, and with it the resource-rich Magadi Soda Company in Kenya. That was trumped by an even bigger buy: the acquisition earlier this year of General Chemical Industrial Products (GCIP), a significant force in North and South America.

Different people, different cultures, different work practices — Tata Chemicals has needed a deft hand and plenty of understanding to make the acquisitions succeed. The signing and the sealing of the deals may be over, but the integration issues they have brought to the door can not be smoothed over or resolved in a hurry. It demands patience and people skills just as much as it requires lucid and hard-boiled business perspective.

"The critical factor in integrations is to remember to think for more than one company or one organisation," says Homi Khusrookhan, managing director of Tata Chemicals. "You have to learn to think for two, for three, for four different entities. You have to retain the best people, grow the customer base, make the best practices of each company migrate to other parts of the wider organisation, and foster the bonding factor, where people feel they are part of a greater whole, in this case the Tata family."

The Tata family was not unfamiliar to James Mathenge, chief executive of



Magadi Soda. Back in 2002, three years before his company was acquired, Mr Mathenge had been approached by Tata Chemicals to become Magadi Soda's agent in India. "I said no because we had already established our brand in India; we were competitors then," he says. "Given this background, we were comfortable when we heard of Tata Chemicals' interest in buying Brunner Mond. In fact, it was pretty welcome news."

Brunner Mond was owned by a consortium of venture capitalists at that point and the fear among the company's people — and, by extension, everybody at Magadi — was that it would get passed on to another bunch of venture capitalists. "Tata Chemicals was a chemicals company and its goal was to expand the business, which was just right by us," says Mr Mathenge. There were apprehensions, though.

A lot of Indian enterprises in Kenya do not have a good reputation, especially in their handling of people. "But the Tata group has been exceptional, and I can now understand why," says Mr Mathenge. "It is sensitive about other cultures and how they deal with them, about issues such as interference. This has been so unlike what I have seen in many other acquisitions. We are a Tata company now and I sure would like to absorb and be even more a part of the group's ethos."

For GCIP chief DeLyle Bloomquist, expectations from the buyout by Tata Chemicals were driven by the company's own shoot-first-ask-questions-later experience. "We had acquired a company called Zemex Minerals in 2007," he recalls. "We rushed in, took over the management, terminated the corporate employees and closed down some of their offices. All inside 60 days. That's what American businesses do and that's what we thought Tata Chemicals would do. My managers and I were thinking about getting our resumes updated."

That, in the un-American script that played out, was not necessary, and

Mr Bloomquist and his managers remain in the positions they held. "We were told that one of the reasons Tata Chemicals acquired GCIP was the management team and that it had every intention of retaining us. They said that was the Tata strategy: to have the best management teams in the countries they are doing business in; they didn't want to Indianise these companies."

In the days immediately after the acquisition was completed, Mr Khusrokhan and R Mukundan, executive vice president of the chemicals business, met all of GCIP's people, in New Jersey and in Wyoming, speaking about the Tata family, its interest in the community and the welfare of its employees. "That was fine but there was a healthy amount of scepticism," says Mr Bloomquist. "We wanted them to walk the talk and that's what has happened. Our people now know that the Tatas are true to their word. The focus is back on our jobs, on the company."

The dissimilarities between the Indian and American approach were reflected in other aspects too. "At GCIP speed of execution is a given," says Mr Bloomquist. "We don't care how many dishes we break; we do our thing and clean up the damage later. But with Tata Chemicals the style has been much more measured and much more thoughtful. They want to be as smart as possible. Timetables and timelines is not as high a priority as work systems and ethics. There certainly were times when we were, kind of, biting on the bit and Tata Chemicals was trying to pull back, saying, 'Hold on, we want to make sure this is done in a responsible manner'."

In Britain, too, with Brunner Mond and its chief executive, John Kerrigan, the Tata Chemicals way has taken some getting used to. "The structures are more cluttered than we are used to," he says. People at lower levels are not as empowered as their counterparts in the UK and "we can always get things done

if we go to the 'top' but business should not need to work that way."

Mr Khusrokhan readily acknowledges the problems. "There are a number of cultural differences between the Indian, British, Kenyan and American teams. The Americans expect very rapid decision-making and minimal bureaucracy. For the British team adherence to timelines is extremely important. Let's face it, as Indians rigid timelines have never been one of our strengths. We seem to thrive on rapid changes and are comfortable living with some degree of chaos in our lives. It is essential for Tata Chemicals, or for that matter, any international group to be aware of its own shortcomings and to be conscious of the expectations of others."

These are mere quibbles when you consider the progress made on the greater goal of creating a single cohesive entity with a shared vision and values. "There is a whole lot of enthusiasm for the new ownership right through the organisation," says Mr Kerrigan. "We can see the visible signs of development investment and the benefits of having Tata Chemicals on our side."

The sharing part has translated into concrete measures: unrolling the Tata Business Excellence Model in the acquired companies — Brunner Mond and Magadi Soda have already embarked upon the exercise — having managerial teams exchange visits, and learning from one another in areas such as the environment and climate change.

"Success in integrations is finally assessed in terms of the shareholder value created, the synergies that flow from the coming together of the companies and, finally, how unified the organisation feels," says Mr Khusrokhan. "We have created a larger, stronger and better organisation by coordinating our business efforts and managing people in such a way that, I daresay, all of us feel we have gained as a consequence of Tata Chemicals becoming what it has today." ●



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— *Homi Khusrokhhan, MD,
Tata Chemicals*



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— *DeLyle Bloomquist, president and CEO,
General Chemical*

Two for a cause

Sustaining its unique relationship with the community has been a difficult challenge for Magadi Soda. In the circumstances it helps to have Tata Chemicals on its side

Jacqueline Kasisu hides behind a shy smile as she speaks about her ambition to be a lawyer. It will take a lot, but 16-year-old Jacqueline has a better chance than most girls of her age and from her community, the semi-nomadic, livestock-dependent Maasai, to realise her dream.

Jacqueline is one of 650 students at the Il Parakuo Primary School, a picture of resilience and progress that juts out of a hardscrabble landscape. It is about 10km from the township that the Magadi Soda

Company runs next to its manufacturing facility, and a million miles from visions of imposing educational edifices. Set up in 1982 with 30 students, the school wages a daily struggle to survive.

Its adversaries are many: lack of resources, shortage of teachers and classrooms, the lackadaisical and sometimes unfriendly attitude of the community towards education — especially of the girl child — the dust storms that are routine in this part of Kenya, security... Its supporters are fewer: a band of dedicated teachers, the government (to a limited extent) and the Magadi Soda Company, which has spread an extensive safety net that delivers sustenance to the communities living around its operations. And this safety net has been broadened and made more substantial following the acquisition of Magadi Soda by Tata Chemicals.

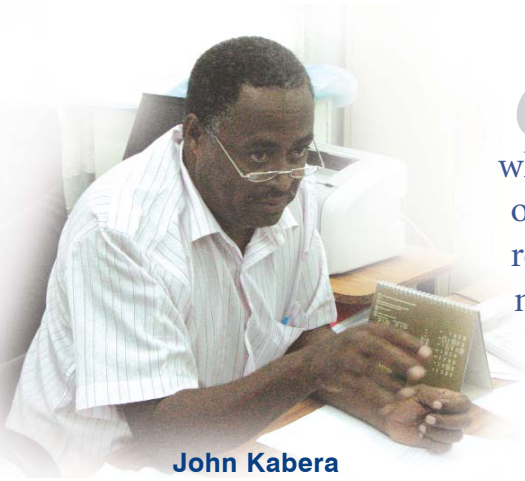
The business logic behind Magadi Soda becoming part of Tata Chemicals is sound, but the two companies also share a common philosophy and enlightened approach to community initiatives. Much like the Tata Chemicals outpost in Mithapur in Gujarat in western India, Magadi is a one-enterprise town. Magadi Soda is everything — the only thing — in an isolated and remote region. Understand that and you can understand the reliance of the locals on the company.

Problems aplenty

At Il Parakuo, Magadi Soda provides water (liquid gold in an area starved of it) and assistance in the building of infrastructure, but the call for more is persistent. The school, which has a dormitory and also functions as a rescue home for girls forced



Jacqueline Kasisu (extreme right) with friends from Il Parakuo Primary School



John Kabera

“Issues were tackled as and when they arose, without any overarching framework. We realised that our views were not necessarily the views of the community”

into early marriage, has just 13 teachers and a bare minimum of amenities. “The company is doing a lot and we appreciate it, but we need more help,” says Reuben Kinuthia, the beleaguered head teacher.

The challenges Mr Kinuthia and his colleagues face go beyond imparting an education; they are far from securing funds for a vitally important meal scheme and they have to work overtime to ensure that their wards stay in school. Girls are discouraged from going home for vacations because of the risk that they may not return. Home can, for some of them, mean early marriages or forced sexual encounters with Morans, gangs of Maasai youth recently initiated into manhood. “Say no to sex,” intones Rose Ochong, who is with Magadi Soda’s community development department, to Jacqueline and her friends.

At the Patterson Memorial Secondary School, about 25km from Magadi township, in a dry and shrubby area accessible only by a dirt road, the problems are similar to those at Il Parakuo, including a resource crunch. Founded in 2005 in memory of Brian Patterson, a project director with Magadi Soda who died in a road accident, the 145-pupil school is getting \$1.5 million directly from Tata Chemicals to build new classrooms, a boys’ dormitory, a laboratory and teachers’ quarters. Even that’s not sufficient.

The Kenyan government and Magadi Soda contributed to getting Patterson up and running, as did the local community, which conducted cattle auctions and a

variety of other events to raise money. “That’s how we make the community feel they are the owners of the school, that Patterson is theirs,” says deputy principal Joseph Wangila. “It gives them an incentive to send, and keep, their children in this school.”

Making the local community an integral part of Magadi Soda’s community development programme was no accident. It has been a truth embedded in the company’s history and at its centre are the Maasai, a pastoral people, tall and lithe, proud and still not one with the ways of the modern world.

The Maasai in Magadi

“The Maasai have a crucial place in the Kenyan ethos; we are an embodiment of Kenya and its traditions,” says Joel Ole (or son of) Sayianka, the government-appointed ‘senior chief’ of the Maasai in the Magadi location. Mr Sayianka straddles two cultures, the culture of the Maasai (fulfilling the role of chief, raising livestock, wearing the traditional dress of the community and playing a full part in its rituals) and the culture of these times (working out of an office, being part of the corporate setup and speaking in English with sophistication and clarity).

It was always a given, if not stated as such, that the Maasai would use the resources of Magadi as and when they wish (it’s not unusual for a Maasai tribal to walk into the company canteen and help himself to lunch). “When I was growing up my father would tell me that he knew little about the government; Magadi was all about the company,” says Mr Sayianka.

The Maasai had never really chased after jobs in the plant but, by the 1990s, with their livestock declining, incomes falling and droughts becoming more and more frequent, a job with the company started seeming like salvation. The situation came to a head in 1999, when Magadi suffered one of the severest droughts in memory. “That’s when we sat down with the management and asked it to chalk out a plan for the organised uplift of the Maasai,” says Mr Sayianka.

In 2000, Magadi Soda conducted a community and environment impact assessment. The study revealed plenty of fissures. “We had been dealing with the community in a haphazard manner,” says Joseph Kabera, acting manager, human resources. “Issues were tackled as and when they arose, without any overarching framework. We realised that our views were not necessarily the views of the community.”

Magadi Soda organised a meeting of community leaders, elders, women and youth, it talked to tribal chiefs, the local administration and politicians. A SWOT (strengths, weaknesses, opportunities,



A Maasai tribal



Il Parakuo Primary School



Patterson Memorial Secondary School



Magadi Hospital

threats) analysis was done and about 70 segments were identified, among them education, employment, transport, health, water, livelihoods and security.

High expectations

That's the background to how Magadi Soda came to fix an annual community-support budget, now nearly \$2.2 million, and the areas to focus on. Education gets the biggest chunk on this allocation, water the next and then healthcare. "We told the community that Magadi Soda could not cover all these areas on its own," says Mr Kabera. "There was a role for government, for NGOs and for the community." Adds Mr Sayianka: "I wouldn't say all our expectations have been met, but the company has been sympathetic about our requirements."

Meeting expectations, says Lemarron Kanto, the community development manager at Magadi Soda, has been the "single most demanding challenge" to deal with. "The reasons for the high expectations have to do with tradition and the meagre natural resources in this region," he says. "With the government not doing enough on human development indices, it sometimes falls upon the company to fill the gaps."

Given this reality of extensive yet, from the recipient's perspective, still not satisfactory company help to the community, everybody was apprehensive when the news came through that Tata Chemicals was going to acquire Magadi Soda. The Tata Chemicals management, with then chief executive Prasad Menon leading the effort, went out of its way to explain the group's outlook on corporate social responsibility.

"They asked some of us to come and see what the company was doing in India," says Mr Kanto. "They organised a week-long trip for five of us, community leaders and Maasai elders among them, to India. We went to Mumbai and Mithapur [so similar to Magadi in its weather and topography] and we saw, first-hand, all that was happening there. We were impressed, and convinced."

A hospital, a panacea

"The way the community sees it, these are foreigners exploiting their land and resources, so they should pay the healthcare and education costs," says Dr Sam Wendo, who completed a

course in Birmingham, Britain, before returning to Kenya 22 years back to take up a position with Magadi Hospital. Dr Wendo joins the refrain on resources being scarce, but the hospital he now heads is better off on this count. Its criticality to people in the township as well as those living a lot further away may be one reason for this relatively healthy state of affairs.

Established in 1929, Magadi Hospital has two doctors, including Dr Wendo, 22 support staff, 50 beds and the clean and efficient look and feel of a professionally run operation. There is no other hospital in a 60-km radius, which means that it serves more than just company employees and their families. There is a user charge, but that's nominal. The community bears about 25 per cent of the costs of running the hospital and Magadi Soda foots the rest of the bill. "Our services are provided whether or not a patient is able to pay," says Dr Wendo.

The hospital, and Dr Wendo's, main worries are upper respiratory tract infections, malaria and waterborne diseases. Then there's the scourge of Aids, the commonest cause of death among adults over the last 20-25 years in much of Africa. "HIV-Aids cases take up 35-40 per cent of the beds in our hospital," says Dr Wendo. "Death rates from Aids have been falling over the last five years or so after affordable treatment became available. The drugs — supplied mostly by Indian pharmaceutical companies — come free from the government and we pass them on."

This has made a big difference. Earlier many people did not want to be tested

“Our need is not so much for doctors as for nurses and public health professionals, for outreach initiatives, basically getting healthcare out of the hospital and to where the community needs it most, where they live”



Dr Sam Wendo



Once upon a company

The Magadi Soda enterprise owes its existence to a great extent on the building of the railway line from Mombasa to Kampala (from Kenya to Uganda) at the turn of the 20th century, a development that brought many skilled Indians to the African continent, where they would settle and thrive.

MF Hill, in his *Magadi: The story of the Magadi Soda Company*, first published in 1964, writes of the time: “The railway became the backbone of Kenya’s economy: it brought government and settlers and commerce in its track; and it alone made possible the conversion of the vast natural deposit of alkaline crystals in Lake Magadi into an economic asset.”

Magadi sits at the lowest point in East Africa’s Rift Valley, in arid and harsh environs where pioneering British prospectors found the soda ash that would be the making of the company. Balyney Percival, the hunter of big game, is reported to have said that if he owned a place in hell and an estate in Magadi, he would prefer to live in hell.

Mr Hill writes of the taming of Magadi: “It is the story of a long, arduous and expensive struggle, first to overcome great physical difficulties, and secondly to mould remote Magadi into a self-contained township where men of all races could live and work in reasonable conditions.”

A 90-mile railway line had to be built to connect Magadi with the main line to Mombasa, water had to be brought by a pipeline, also 90 miles long, from the Ngong Hills. Beyond connectivity and water, “there remained an equally formidable array of problems for the engineers and the chemists to solve before an economic measure of output of soda ash could be achieved”.

Magadi lies deep inside lands reserved for the Maasai tribe, first sealed through agreement by the colonial British government in 1911. Mr Hill’s account states that the government went out of its way to protect the interests of the Maasai, frequently “to the disadvantage and to the considerable inconvenience of the Magadi Soda Company”. The granting of leases for the extraction of soda ash from

Lake Magadi and its surrounding areas in Maasailand were preceded by prolonged consultations and negotiations.

The expectations the Maasai have of the company are unusually high when compared with any similar community in an entrepreneurial setting. The Maasai consider much of the vast spread of East Africa, where their people have roamed and lived the nomadic life for thousands of years, their ancestral land and the resources therein their own. The way they see it, the Magadi Soda Company operates thanks to their blessing.

The Maasai in and around Magadi looking to the company as a source of employment is a recent phenomenon, but the community has seen its welfare as one of the company’s principal responsibilities. And, as Mr Hill writes, the company has kept its end of the bargain, “being a notably good and generous tenant in Maasailand”.

Magadi is in many ways a microcosm of Kenya, with its many tribes and the tensions bred by loyalties that still struggle to coalesce towards a common idea of nation (as reflected by the recent troubles in the wake of a disputed presidential election, when ethnic clashes left about 1,000 people dead). There are more than 40 tribes in Kenya — the Maasai are among the smallest of these — and all of them are represented in Magadi, without, it should be added, any of the rivalries that wreck the relationship between them elsewhere in the country.

Wrote Mr Hill: “Magadi is an epitome of all the social, racial and tribal problems that perplex and, at times, bedevil Kenya... I have come to the conclusion that great as have been the technical, industrial and commercial achievement, the social achievement has been the greatest of all. The Magadi Soda Company has set Kenya a lead and an example in housing schemes, in social services and amenities and in labour relations which merits the highest praise.”

In the 45 years since MF Hill wrote those lines, the Magadi Soda Company has remained more than true to its legacy, with some help, over the past three years, from Tata Chemicals. ●