



The taste of one

Spread over four continents, incorporating professionals from varied cultures, and integrating disparate processes, structures and operational methods — the building of Tata Beverage Group has been a singular endeavour

Creating one out of many is, as any blender will tell you, a complicated affair. The chance of the final output being an enjoyable and energising cocktail is as much a possibility as the risk of it becoming a tawdry and disappointing concoction. Transforming a melange of loosely related companies into a united entity is, as Nalin Miglani will tell you, complex, challenging and rewarding, and the benefits shade the threats many times over.

Mr Miglani should know. A human resources expert, he is among the main protagonists in the story of how a clutch of Tata companies, operating under the canopy of what can broadly be called the beverages business, are joining hands, unifying resources and thinking as one in a bid to add heft and become a top player in the global arena. The umbrella organisation will, in time and appropriately enough, be called Tata Beverage Group. This singular enterprise will integrate

the operations of, and forge a shared outlook for Tata Tea, Tetley, Tata Coffee, Mount Everest Mineral Water, Eight O’Clock Coffee, Good Earth Tea and Joekels.

The unification endeavour, underway for the past year, takes in people and processes, management structures and operational functions, customers and other stakeholders. It is spread over four continents, has made space for professionals from varied cultures, and seeks to achieve a transformation objective quite unlike anything attempted in the Tata group. “The idea is to create a brand-oriented, global company that can compete with the likes of Unilever, Coca Cola, Pepsi and Nestle,” says Mr Miglani.

An identity-altering effort

Integration and change are vital elements for the Tata Beverage Group equation to work, and the two go together. “You have to do both simultaneously; one cannot happen without the other,” says Mr Miglani. What’s unfolding here is an identity-altering effort.

The disparate companies in the Tata Beverage Group are being integrated into a single unit; management systems have been, based on circumstance and necessity, tweaked or overhauled to craft a global superstructure; and product lines have been merged to present an amalgamated portfolio in the market.

There is, according to Mr Miglani, art and science in this gargantuan undertaking, which involves, to a large extent, building a new company. It helps that sweeping change of the sort happening now is not alien to Tata Tea, parent company of the Tata Beverage Group family. Over the last 45 years, it has made considerable alterations to the way it is structured and the manner of its operations: bringing Tata Coffee into its stable, moving away from plantations, getting into the retailing of tea and coffee, going global with the Tetley buyout, and expanding its product line to include water and health drinks.

Each of these shifts was critical in the evolution of Tata Tea, but the nature of the current transformation is wider in scope and scale. Tata Beverage Group, when it is finally set in concrete, will be headquartered in London and positioned to take on the big boys of the business. It will, once the complexity of the present clears, be a different kind of organisation from what any one of its many constituents was.

Common cultural values

The human resources component of this new setup poses a greater challenge than most others. “We have to stop thinking like different companies and, instead, think like a unified enterprise,” says



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Mr Miglani. That’s why, he adds, “we have actually started erasing company identities”. It was in July 2009 that Tata Beverage Group first introduced itself as a single organisation to the outside world, mainly analysts and the media. It has come a long way since, building as one on the five pillars of brands, products, processes, people and distribution.

To develop a common identity and goal, Tata Beverage Group has moulded a set of common cultural values or directional themes for all its constituents. The consumer tops the list, with all things — be it innovation, the launching of new products or even instituting a new process — being linked to her. Then there is the business of breaking rules, stepping out of the comfort zone and disrupting the established way of thinking.

Individual excellence and collective brilliance, with the emphasis on valuing talent and outcome, also plays a vital role in how Tata Beverage Group is being shaped. Getting its people to enjoy what they are doing, to have a fun workplace, is another organisation-defining objective. Topping it all is the inculcation of a value system that safeguards the interest of every stakeholder, that does good for the environment and the community. “These five themes define the mindset that we want and the kind of people that we want,” says Mr Miglani.

The themes were reinforced through workshops for senior managers and a series of road shows and interactive multimedia sessions involving every employee. This had been preceded by an initial conference in Prague, the Czech Republic, where senior employees from the constituent companies were brought together. The interactive sessions, focused on what it would take for Tata Beverage Group to be a global leader, happened across the world in February and March of 2009, in the various geographies where Tata Beverage Group has a presence. Supplementing these endeavours was the launch, in July 2009, of a new intranet.

The cultural themes and messages were supported by a system of aligning processes across the Tata Beverage Group. This was crucial, given that the

superstructure was being built on an underlying foundation that comprised different legal entities. Along with the organisational redesign, all internal processes — business reviews, strategy and reporting— were redefined as for one company. That's where the science came into play.

The people-integration effort has been a big challenge. Earlier each country and company followed a different system on salaries and bonuses, and designations and grades. Mr Miglani and his colleagues started from scratch to create a performance-and-reward architecture that is now in force across the organisation. This covers all facets of the employee's remuneration and grade, how the organisation's wage structure compares in the market, how to pick out high performers, and so on.

"We changed our performance appraisal process, which we now call 'the conversation,'" explains Mr Miglani. "We are saying that ratings and bonuses are important, but what is more important is two people talking to each other about what has been achieved. We have ensured that the whole performance appraisal piece is aligned with our cultural themes and strategy."

Big benefits

What has been achieved thus far has been substantial. In an internal review held in late 2009, regional heads were asked to rate the progress of the integration exercise on a scale of one to ten. The average rating was 6.5. "People in the Tata group don't realise that on integration we have moved so very far ahead and so quickly," says Mr Miglani. "We have been successfully working as one company for many months now."

Has the new scheme of affairs caused unrest? No, says Mr Miglani, but there has been, understandably, some degree of anxiety in parts of the organisation. "People are trying to understand the criteria on which remunerations will be paid in the future. We have had a lot of dialogue, conversations and workshops for them to try and understand the whole rewards architecture. We have answered every question and addressed every issue; that has been part of the change process."

One advantage people have in the new structure is the increase in opportunities for growth across what is now a much larger and more widespread enterprise. And they also have the opportunity to handle bigger challenges than before. "Learning about the global nature of the business and being part of a global community — these are the big benefits individuals have discovered," says Mr Miglani.

One of the top priorities of Tata Beverage Group

has been attracting talent that can thrive on the global stage. There was also the challenge of fitting existing personnel to the new structure. The solution: creating an 'international assignment policy.' "Ours is not a massive organisation, but we have some 30 people on international assignments at any given time, working outside their home countries," says Mr Miglani. "We can now move people seamlessly across the world and in a consistent manner."

Training has had to take a back seat for a while as the exigencies of refashioning the human resources structure found precedence. "That's the journey we are now starting on," says Mr Miglani. "We will start with functional competencies: marketing, finance, IT, etc. That's our focus area." The mandate here will be to concentrate on identifying talent capabilities and development.

Stabilising the superstructure

Bringing stability to the new organisational structure has meant dealing with what Mr Miglani calls "the constant push and pull between the past and future". The eclectic mix of constituents that comprise Tata Beverage Group, and the varied geographies that they hail from, translated into each of them having distinct histories and established ways of doing things.

"The question was how to convey the fact that it is a new future we are heading for, without disrespecting the achievements of each of the individual companies in the past," says Mr Miglani. "Because these achievements have been huge; if they weren't we wouldn't be in the place we currently are. The challenge lies in building a bridge between respect to the past and commitment to the future."

Tata Beverage Group took on the challenge of creating a new structure as an inside-out exercise rather than a top-down or bottom-up effort. "The moment you start changing your perspective and looking at an in-out exercise, you stop viewing the organisation as level-bound, senior, middle or junior," says Mr Miglani. "What we really want to do is become more externally focused, more brand- and consumer-oriented; we need to spend more time engaging the consumer, understanding the competition and fostering innovation."

All said, even after a year of integration and transformation, this is a journey that has just begun. Consequently, there will be a lag between the unification of Tata Beverage Group operations and when customers and others perceive a difference. For Mr Miglani and his colleagues, the job is by no means complete. The blending business, as any cocktail artist will tell you, is not one that can be accomplished in a jiffy. ●

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