

In high gear

After a trying recession, Tata AutoComp Systems is gearing up for a reinvigorated auto sector by restructuring its businesses, revving up morale and marshalling internal resources

Last year's recession hit the auto industry as hard as any. And Tata AutoComp Systems felt the pressure. As an auto component supplier at a time when new automobiles were one of the first luxuries to be forgone, times were tough for the company. It had to re-evaluate everything, from what businesses it was involved in to how much electricity it used for air conditioning.

The company that has emerged is a leaner, more-focused one with more fans and fewer joint ventures. Rather than global expansion, it is focussing on excelling in the aspects of QCD — quality, cost, and delivery — in areas where it already has a presence.

Tata AutoComp manufactures auto components, mainly through joint ventures with global companies that are experts in a particular component. From powertrains to exteriors, and covering chassis systems, electronics, and interiors along the way, its joint venture

companies produce parts for everything from auto-rickshaws to commercial trucks.

The structure of the company is like that of a holding company for the various joint ventures, each of which is a company in its own right. The business is divided into three business groups, each headed by a president and consisting of multiple companies.

Since its inception in 1995, Tata AutoComp has grown to a nearly billion-dollar company, with a compound annual growth rate 50 per cent above the industry average. But in the midst of the recession, the company found itself fighting for its very survival — the global passenger vehicle industry was facing its first year in many of zero growth, and there was severe negative growth in the commercial vehicle sector.

Tata AutoComp decided to tackle the challenges of the recession introspectively, by restructuring its joint ventures and marshalling resources internally. RS Thakur, executive director and chief operating officer, describes what happened: "The recession caused the company to re-evaluate its businesses and shift its focus from expanding to producing quality products and achieving operational efficiency in its existing locations. To evaluate each joint venture and our future course of action, we set general guidelines that each company should meet."

According to these guidelines, a company must satisfy the following requirements:



"By moving people across the group, we have been able to assemble a cohesive organisation built on the same shared values, policies and principles"

RS Thakur

- ▶ It should have a projected growth of at least Rs5 billion over the next three years.
- ▶ It should be among the top-three performers within its product line.
- ▶ It should be economic value added (EVA) positive within three years.

This meant the company had to exit certain businesses and dissolve some joint ventures. It withdrew from its partnerships in captive engineering centres with Visteon and Faurecia, allowing those companies full control of the centres. It also withdrew from several others, including TC Springs, which was profitable but too small a business, and Knorr-Bremse, in which it only had a 26 per cent stake. Through these and other cost-cutting moves such as deferring all capital expenditure and putting a freeze on hiring, Tata AutoComp was able to survive the recession and show a profit by August 2009.

Some survival strategies, says Mr Thakur, have proved so sound, the company has adopted them permanently. One such recession-era practice that has been retained is to first advertise all job openings internally and limit external hiring to entry levels, thus retaining talent within the company and creating a leadership pipeline. It's a win-win situation: employee morale is boosted by the increased availability of better growth opportunities within the company, and the company benefits by filling up vacancies with people who know the culture.

Adds Mr Thakur, "By moving people across the group, we have been able to assemble a cohesive organisation built on the same shared values, policies and principles. This has helped us leverage our various strengths and knowledge."

Cascading confidence

Another successful practice, of holding semi-annual town hall meetings, was instituted by Mr Thakur in April 2009 — a time when the recession had morale low and employees questioning not just their own job security but even the company's viability. It was decided that to bolster employees' confidence, foster a feeling of community and increase employee engagement, all employees at manager level and above would gather to discuss the company's plans for the future and the rationale behind those plans. The information communicated at these meetings would then be cascaded down at open houses to all employees.

"The town hall meetings," says Mr Thakur, "have helped the company's employees come together, improved transparency and raised morale."

Speaking of morale, the biggest boost in terms of business was provided by Tata Motors' Nano. Working closely with the Nano team, Tata AutoComp innovatively met the challenge posed by an extremely tight budget and stringent specifications to create the bumpers, dashboard,



Finished components at the Interiors and Plastics Division plant

cockpit, seating system, battery and a host of other critical components for the big little car. Similarly, the company actively participated in the design and development of various components for Prima — the world truck range from Tata Motors — from the advanced seating system and the wiring harness to the mirrors, bumpers and front grille.

At the moment, Tata AutoComp is keeping an eye on the future and the organic growth it expects to achieve when the vehicle market grows. Anticipating more stringent safety and emission requirements in India in the future, it is the first company in the country to have an NABL (National Accreditation Board for Testing and Calibration Laboratories)-certified static airbag-deployment testing facility.

The company has also constructed India's first laser-scouring facility, which permits an airbag to be installed behind a dashboard that is all of one piece, allowing airbag-enabled vehicles the same dashboard design options as other vehicles.

Tata AutoComp is also the first in India to have a thermoforming facility and in-mould graining technology. All this is in line with the company's continuing effort to bring to India those products and technologies that its joint venture partners already offer abroad.

According to Shvetal Diwanji, senior general manager, corporate communications, the company is planning to continue to move up the value chain by providing more preassembled sets of components, as opposed to individual components. It would do this by, for example, offering a fully assembled cockpit instead of just separate vent covers, dashboards, glove boxes, etc.

With the auto sector once again showing signs of resurgence, the company is gearing up for growth. In addition to speeding up the opening of its plant in Sanand to accommodate the Nano, the company is expanding some of its plants in Pantanagar and setting up some others in Jamshedpur.

Re-engineered and reinvigorated, all systems are 'go' at Tata AutoComp. ●

Matt McHugh

Some of its parts

Matt McHugh takes an interesting walk through shop floors littered with disembodied components, wheel-less dashboards and a robot that can't seem to sit still

In Pune, about half an hour's drive from corporate headquarters, in the factory that is Tata AutoComp Systems Interiors and Plastics Division, plastic pellets fill huge containers, waiting to be heated and cast into car parts; a line of disembodied front ends hangs from the ceiling; and a wheel-less dashboard sits disorientingly atop a table.

Many of these components are constructed here, assembled into larger component collections at other locations, and then shipped to the customers.

Next door, at Tata Toyo Radiators, visitors walk through a hall of radiators, ranging from the Nano version to a huge model for an electric generator, before reaching the front desk.

Walking from one side of the plant to the other, the whole birth process of a radiator is observable, from flat, inch-or-so-wide aluminium strips spooled to a radius of around two feet to the fine, surface-area-maximising geometric design in which the fins snake between the tubes to efficiently dissipate the heat from the hot coolant that will flow through them.

The Tata Johnson Controls plant is the third in this trio of adjacent facilities that constitute a small sample of Tata AutoComp's many factories in Pune. Inside is a small display room full of car seats. One, secured to a track in the floor, is designed to create a kind of mini mobile conference room — from what looks like the three-person-seating backseat of a car, the middle seat detaches, slides forward, and rotates 180 degrees, forming a triangle with the other seats and, thus, becoming more conducive to three-way discussion.

Another of the displayed seats offers whiplash protection, throwing the seatback and headrest forward in the types of collisions where whiplash injury is a risk.

In another area of the factory,

un-upholstered seat cushions roll one after another off the line and into a box. Shveta Diwanji, senior general manager, corporate communications, mentions that Tata AutoComp is investigating whether they can be made from more environmental-friendly materials as he points out the nearby line where they were formed; it has large tubes running from an enclosed area against the wall into the middle of the line, where the liquid foam is released into the mould.

A dead-end spur of track runs off from the main oval, allowing moulds to be switched in and out without requiring the line to be shut down, and thus increasing efficiency.

The level of mechanisation of the plant makes it obvious that, where it is more efficient to accomplish a task using machines rather than men, this has been done. Few of the employees in the plant are sitting, and a cursory round of the plant reveals why — this process has been automated as well; there is a machine that sits down several times a minute, all day long.

The machine tests how well the side of a seat cushion holds up to repeated entry and exit. Next to this machine sit seats in semi-recline, one with a large, heavy weight lying against the seatback, the other empty. This, too, tests robustness by simulating long-term use.

With the strain of the recession seemingly in the rear-view mirror and with increasing demand in both the commercial and passenger vehicle segments, there's no time to sit at Tata AutoComp Systems — there's too much work to be done.

