

# TQM: A mantra for life at the Rane Group

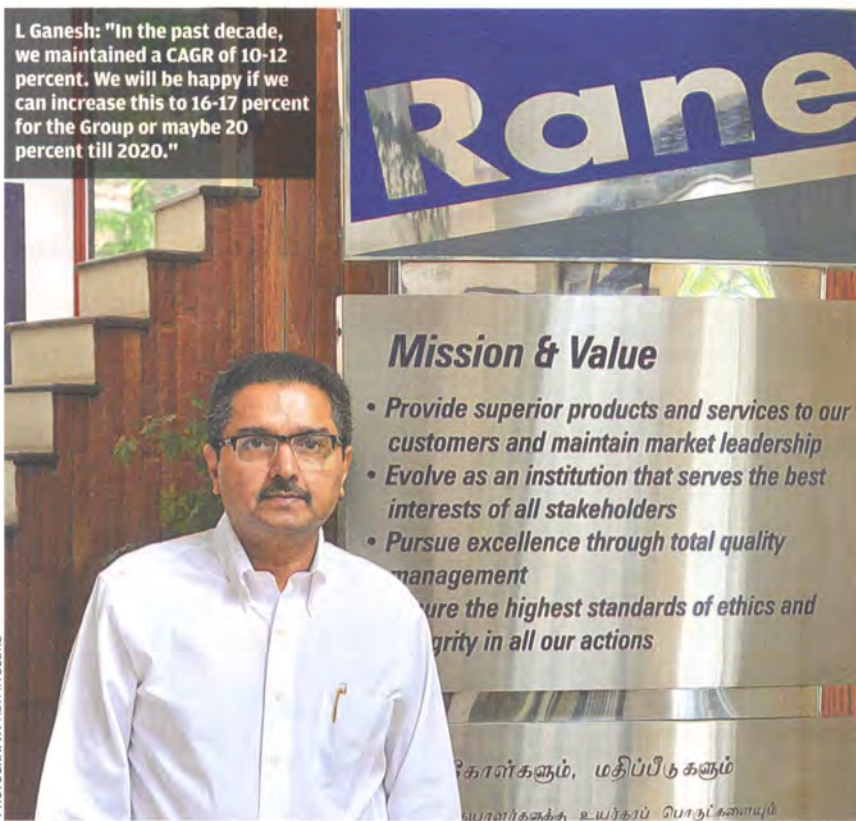
L Ganesh, Rane Group chairman, recounts how the Group began its all-encompassing quality mission and how it is taking the path to consolidation. In a conversation with **Shobha Mathur**.

**F**or the Rane Group that has under its belt many a Deming and Deming Grand award since 2003, the journey, albeit satisfying, has not been a cakewalk. It's been a hugely educative experience which has involved absorbing a host of Japanese best practices clubbed with constant auditing and benchmarking of manufacturing processes across the spectrum of companies, all with the aim to weed out flab.

Since Total Quality Management (TQM) became a growth mantra for the Rane Group from end-1999, a continuous endeavour has been to reduce manufacturing defects in the quest for productivity improvement. It is, in fact, the foundation for operational excellence across the companies. Implementation of TQM practices have sharpened the Group's customer focus, process orientation, enabled continuous improvements while adopting a systematic approach to identifying and solving chronic problems using statistical thinking, Standard Operating Procedures, and fact-based decision making.

With most Group companies having successfully achieved their targets (see box) and bagged the Deming, Rane

**L Ganesh: "In the past decade, we maintained a CAGR of 10-12 percent. We will be happy if we can increase this to 16-17 percent for the Group or maybe 20 percent till 2020."**



PHOTOGRAPHY ADITYA BEDRE



NSK Steering Systems and some individual plants are now in the running for this prestigious quality accolade.

At Rane NSK Steering Systems, work has begun on what are the first steps towards the Japanese recognition when it applies for a diagnosis in end-2015. On its successful completion, it would be eligible for step 2 – applying for the Deming in 2016. In the meantime, the Rane Group is in consolidation mode to make its operations more cost effective and leaner.

At the helm of this quality mission is the Rane Group's soft-spoken chairman L Ganesh who, in an exclusive interview in his Chennai office, recalls how it all began. In December 1999, the top management of the Group embarked on an annual internal introspection at a two-day CEO retreat for strategic visioning. One of the topics that cropped up was related to the entry of MNC carmakers into India with their global suppliers expected to follow suit. The scenario made them realise the need for quality and cost delivery parameters that had to be on a par with international standards if they wanted to compete against strong overseas competition for upcoming business.

In the 1980s, the Rane Group had kick-started several activities for productivity improvement

## Rane RBL TQM model



and strategic initiatives but these were largely bits and pieces, with no grand planning in place. "We had heard a lot of this Japanese TQM. I had earlier attended a CII-JUSE workshop that gave me a one-week exposure to TQM," reminisces Ganesh. That was what first got him to take a closer look at Japanese TQM. This resulted in a reputed Japanese professor being invited to spend a full day with the senior management to explain the nitty-gritty of TQM. When the workshop concluded, the Rane top brass was convinced and wiser about the way forward.

### HIGH LEVEL OF COMMITMENT

"One reason why we have been quite successful in continuing, sustaining and winning a number of awards including the Deming Grand and the Deming awards is that the top management's commitment is very high. For example, we have a TQ Apex Council headed by me along with all the company heads. Once every month, we visit one location and spend the

entire day auditing TQM practices at that location," elaborates Ganesh.

A day prior to the visit, all TQ coordinators of the Group spend time at the plant so that eventually each production unit is able to aggregate two days of thorough TQM auditing and a follow up on improvements that were undertaken over the previous year.

Benefits accruing out of adoption of TQM practices have been manifold: it has enhanced the quality of employee interactions, improved employee working relationships and motivation and at the same time, also enhanced organisational culture. Going forward, the plan is to tweak some learning's as well as fine-tune the audit methodology.

At the ground level, operators have to undergo rigorous training in the quality circle movement and are specially trained on problem solving, some even getting indoctrinated on high-end statistical tools like DOE. For engineers, apart from problem-solving exercises, there are training initiatives in TQM with a regular

**Four Rane Group companies have been conferred the Deming Prize, and three the Deming Grand Prize, which points to successful implementation of TQM practices.**

### DEMING

- 2003 – Rane Brake Lining
- 2005 – Rane Engine Valve
- 2005 – Rane TRW Steering Systems
- 2007 – Rane (Madras)



### DEMING GRAND

- 2011 – Rane TRW Steering Systems
- 2012 – Rane (Madras)
- 2013 – Rane Brake Lining



## TQM — KAIZEN ON THE SHOPFLOOR



Safety and quality control equally vital for high productivity.

RANE GROUP COMPANIES adopted Total Quality Management in the year 2000. All seven companies are TS 16949 certified and with TQM, they are in tune with global quality assurance standards. Briefly put, TQM is the foundation for operational excellence across the the Group and enables it to ensure customer focus, process orientation, continuous improvements, systematic approach to identifying and solving chronic problems using statistical thinking, Standard Operating Procedures, and fact-based decision making.

Practicing TQM ensures these companies have:

- Holistic participation of employees in all processes
- Customer focus
- Methodical approach to innovative manufacturing and new product development
- Quality stabilisation and improvement
- Structured and focused implementation of short- and long-term plans
- A highly focused and motivated workforce

TQM module running at the Rane Institute for Employee Development at Chennai. New employees undergo a TQM awareness programme in the first three months. In addition, refresher programmes are undertaken as modules every quarter.

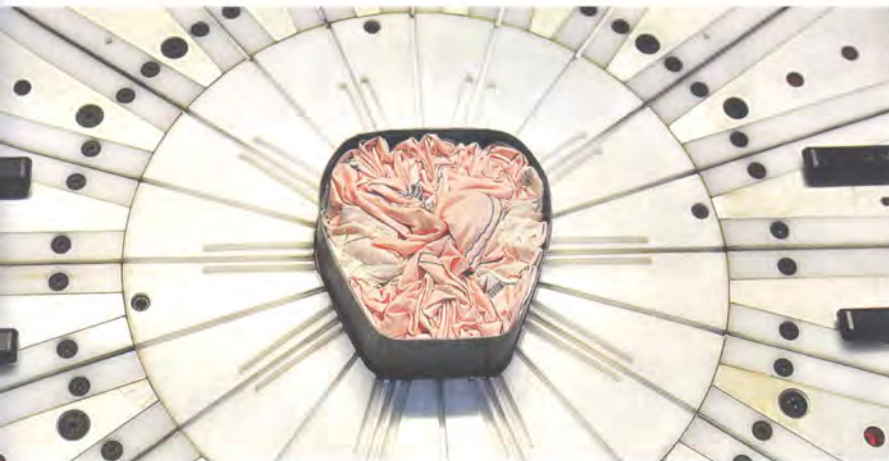
Under the TQM umbrella is factored the Lean Production System introduced in 2004-05. The Group has two consultants who come from Japan every quarter. "In all lines and plants where we adopted lean production, productivity has gone up between 50-100 percent," reveals Ganesh.

Before Rane adopted TQM, the customer level quality hovered between 8000-10,000 ppm and internal manufacturing defects in some of the plants were as high as 30,000 ppm. Today, at customer level, it has leaped to three digits

and at many product lines improved to two digits – between 25ppm or 50ppm. Internal manufacturing rejections have been pushed back to 2000 or 1500 ppm from 30,000ppm. Clearly, these are massive gains and the goal is to improve them even further.

Expanding its lean manufacturing processes, Rane has over the last two years invested steadily in further robotics and technology upgradation. The Group is now tweaking TQM to further overall business development with greater focus on strategy.

This directional change has made it imperative to consolidate by dispensing with small manufacturing units and by moving to fairly large plants so that overheads of a good management team including higher salaries can be better managed.



**CONSOLIDATING GROWTH**

“We have decided not to start new plants but to consolidate and make the units larger. About 3-4 of our old plants are right in the heart of the city, having been built in the 1960s. We are slowly closing them and shifting the capacity to locations such as Tumkur in Karnataka or Tiruchy from Chennai and Bangalore,” says Ganesh. This will make the manufacturing more productive with machines and equipment also being upgraded. Similarly, the continuing downturn has necessitated a redrawing of the long-term Group strategy.

In a break from tradition, Ganesh has decided to give a fresher perspective and further impetus to the company’s vision and growth strategy by roping in an external agency to give its inputs, a departure from its internal introspection way of doing things. This exercise is expected to spin off some key opportunities for the Group and put the seal of approval on its strategy for growth inked earlier or suggest strengthening initiatives for focus areas.

“After this relook, we will be able to accelerate our growth further over the next 10 years. In the past 10 years we maintained a CAGR of 10-12 percent

and will be happy if we can increase it to 16-17 percent for the Group or maybe 20 percent till 2020,” says Ganesh.

On other fronts, while Rane’s exports have been progressing, the Group now plans to renew its focus on existing markets in North America and Europe – Germany and some neighbouring countries – more aggressively. Entering new markets like South America could be a step forward as it offers links to customers in North America. Moreover, NAFTA makes it viable to have a manufacturing base in South America to cater to the US market. The products that could be sold are steering and aluminium castings for passenger cars currently supplied primarily to Chrysler, Volkswagen, Ford and General Motors via TRW, Rane’s JV partner. But Ganesh says it may take 2-3 years as Rane Madras which manufactures them is expanding its aluminium castings business with a new plant in Hyderabad, the existing location in the city being saturated.

The process for finalising land for the new facility is expected to be completed in a month with construction to kick off soon after. The new plant involves an investment of Rs 30 crore funded through internal accruals and debt. It will add additional 25

**Airbags are a critical safety component and Rane-TRW Steering Systems’s Chennai plant ensures quality is of the highest order.**

**WHAT WILL ALWAYS STAND THE GROUP IN GOOD STEAD IS THE UNWAVERING FOCUS ON TQM PRACTICES.**

percent capacity during the first phase. In addition, engine valves are another important export item besides some power steering parts from Rane TRW Steering that has begun exporting seatbelts to South America. About 75 percent exports of Rane are primarily to OEMs, and the balance goes to the aftermarket.

**NEW AIRBAG BIZ IN THE OFFING**

The company is bullish that once safety legislation comes into force, airbag usage will be mandated across all passenger cars thus creating huge opportunities. “That is why we started making airbags last year and from 2017 onwards as legislation comes in, volumes will go up further. We will then need to revisit plans and expand capacity,” says Ganesh. Not surprisingly, competition is hotting up in this space with Autoliv, Takata and a few other smaller players occupying this market.

Meanwhile, Rane NSK Steering is doubling its electric power steering capacity at Bawal in Haryana for Maruti Suzuki and Honda and the next couple of years will see Gujarat come within its ambit. Expansion of the growing hydraulic division is almost over in Mysore. Rane has increased its presence in hydraulic

and tractor cylinders and hydraulic steering systems and will commence supplies soon to tractor manufacturers. In the next fiscal, the division is expected to chip in with Rs 100 crore sales including export orders from Volvo in Asia Pacific for Rane Madras. The company is now trying to make a breakthrough with TAFE for export to their partners.

Aerospace and defence, potential areas for growth, are expected to contribute a larger 10 percent of sales by 2020 from the current Rs 50 crore of the over Rs 2,700 crore topline of the Rane Group. Work on future opportunities is also underway.

The Rane Group has earmarked a capex of Rs 200 crore for 2014-15 for overall expansions and upgradations. Though Q1 was negative, optimism prevails that the situation will improve in the second half of the year and the chances of meeting the 8-10 percent growth target will be brighter.

Meanwhile, what will always stand the Group in good stead is the unwavering focus on TQM practices. Along with the Deming awards comes the responsibility of high quality benchmarks and meeting that consistently to ensure that products, people and performance are always top-class. ■