

# Culture Challenges



*The auto industry and the auto components industry in particular are saddled with several issues ranging from fluctuating cost of inputs, increasing operating cost, lack of steady policy, unfavourable economy, etc. Irrespective of the situation the component manufacturers have to maintain the key parameters such as quality, cost and delivery as their customers' (OEMs) customers have been very demanding. Therefore, the component manufacturers have been left with few options to continue in their business. One such option they have is to improve organisation culture as it is the mainstay for any business for continuous growth and sustenance.*

**Text :** T Murralli

Industry experts and major players in the auto component space are united in their view that not only quality but the other two parameters such as cost and delivery have become hygiene factors. These parameters can be maintained only when the entire organisation is aligned together in every aspect. And this alignment can be achieved only if a positive,

sustainable and all encompassing growth culture is followed. However, this is easier said than done as there are several challenges.

Dilip Chenoy, CEO & Managing Director, National Skill Development Corporation says good leadership helps establish a good corporate culture that is always developed, and not forced. If the leader sees his employees as assets and not liabilities, the results will always be great. When the culture of the organisation is

in line with the management's intent, the organisation will see a clear direction for growth, optimum utilisation of resources, leading to results and efficiency. This further leads to good employee retention, high morale and consistent long-term success for both the employee and the company at large.

The culture of any organisation can be described as the glue that binds the various elements of the organisation together and gives it an identity and



**L. Ganesh, Chairman,  
Rane Group**

unique character, says Ganesh Chella, the founder of Totus Consulting (a strategic HR consulting firm) and also Vice-Chairman of the Coaching Foundation of India. Culture most directly reflects the values in action (and not espoused values) of its leaders or top management. To that extent it is a bare necessity that the top management's intentions are fully aligned to the way the organisation works or to its culture.

First and foremost, it must be recognised that the style of top management or the promoters has an overwhelming influence on the culture of the organisation. To that extent, if the business demands a certain cultural orientation, it is important that the style of top management is aligned to it. So, if the business calls for involvement as a culture, the top management's style must reflect involvement. Chenoy states that, "It is imperative for a



**Dilip Chenoy,  
CEO & Managing  
Director,  
National Skill Develop-  
ment Corporation**

leader to continuously invest in his employees and the environment so that it gives them the comfort, the skills and the passion to deliver their best." Chella is of the view that unless the promoters or top management are very self-aware they may end up affecting the culture of the organisation through lapses in their everyday work styles. What causes the greatest damage is the practice of organisations espousing certain aspects of culture, and then practising something else.

## Challenges

There are challenges in aligning any organisation that has been operating over a period of time. According to L. Ganesh, Chairman, Rane Group, the key transition for the group in the last decade has been learning to operate in a highly competitive environment. The cultural shift required under these circumstances in an organisation was to become performance driven. High performance culture required some shifts in conventional leadership and management styles. Deepak Jain, Managing Director, Lumax Industries says the Indian automotive market is evolving and therefore, there are challenges ahead not only for the existing players but for new players too. "It is our responsibility to anticipate the demand/challenges and prepare ourselves along with our principals." Accordingly, Lumax has over the past decade taken up various activities such as getting their R&D recognised by the Department of Scientific and Industrial Research, making a new ergonomic design room, new manufacturing locations in close proximity to the customers, new surface treatment plants which can meet styling demands and styling studio for giving new concepts to the customers. "We need to manage diversity in terms of locations as we are present in North, South & West; each having a different culture," he says. Therefore, capability development of people (men) & processes (method) to meet specific customer requirements

region wise is essential besides addressing local issues, he adds.

The culture of an organisation has to evolve over a period of many years, says the Managing Director of Craftsman Automation, S Ravi. "Being a first generation entrepreneur, I only needed to retrace or correct the direction which I took over a period of time. It was easy in a sense that I did not have to undo any inherited culture."

The first challenge Rane Group faced was the high attrition among middle and junior management. This created continuous instability in the organisation. Ganesh says, "It required a change in our ability to train and develop people much faster than in the past. This also required a change in mindset to recognise that the current generation of young managers is competent and capable of decision making, and taking responsibilities much earlier compared to other seniors. But they are a restless lot, always looking for change. We had also gradually changed the focus of performance appraisal to encourage result orientation rather than just process approach and loyalty." A number of initiatives have been taken through Rane Institute of Employee Development (RIED) to facilitate the change, he adds.

Makarand Deshpande, Chief Peoples Officer, Endurance Technologies advocates in-house skill building mechanism in every organisation as skills are not readily available. Combination of domain knowledge and leadership skills make a leader.

Mindset changes from a promoter's driven organisation to a professionally run organisation with defined responsibilities helped D K Jain Group to initiate change in the organisation culture. It resulted in scheduled reviews, realigning structure, focus on human resource, open sharing of business performance and improvement areas and employee performance

recognition. In addition, it has created a forum for cost effective operations. Group integration remains as one though individual companies in its fold work separately. For Craftsman Automation, to reach a position of 85% of turnover from exports in 2004, exporting only to Germany, Japan and USA, was a long journey. "First we exposed many of our employees to the culture of our overseas customers when the revenue contribution was about 25%. We first received export orders from Germany and USA in 1996, and then in 1997, we had a breakthrough order from Mitsubishi Japan.

Immediately on receipt of confirmation of the order from Japan we were privileged that Mitsubishi accepted to expose us to their plant for a week; 6 people out of 25 employees in the company, registering annual turnover of Rs 150 lakh, were the first seeds for Craftsman culture. As time passed, we were known for quality and we had around 34 overseas customers in 9 countries by 2004. That was the time we ventured into automotive business by setting up the plant in Pithampur," informs Ravi.

### Total Employee Involvement

Any organisation can have infrastructure but sustained revenue growth and expansion in terms of product as well as markets can be achieved only with full involvement of all the employees. Chenoy says that instilling and encouraging an entrepreneurial environment in the organisation is the way to pursue Total Employee Involvement (TEI). When every employee is treated as someone who owns the business and is trusted with his set of deliverables, accountability increases at all levels eventually leading to greater return on investment. Chella pitches in to state that employee involvement, inclusion or participation is a very evolved and matured state of relationship between employers and employees. It is a state in which employees feel included and involved in everything that happens,



and through that employees take the initiative and do whatever is necessary for the organisation's success. However, corporates need to invest in training and development of their employees, advocates Chenoy. This will empower them with technical and soft skills to become complete performers. When the employee sees value from the company, he will automatically align himself to the company's objectives and get involved throughout planning and execution. Once the company gives its employees the freedom to do difficult and challenging tasks, the employee will have a natural inclination to get involved for his personal growth and development, which serves the larger purpose of the organisation.

Rane Group adopted Total Quality Management (TQM) in the year 2000 and from then onwards TEI has been a focus area. The group promotes TEI through several initiatives like QCC, Kaizen, suggestion schemes, QITs etc. They further reinforce this by encouraging more cross functional teams and Ganesh believes that TEI at Rane today is at a fairly matured level.

D K Jain group imparts training as per organisational needs by promoting QC Circle, Kaizens and suggestion schemes, in-house small automation, Cross Functional Team (CFT) working approach and celebrations. The group also involves people by adopting TPM

activity as a way of life. Ravi states that Craftsman is made as a transparent organisation where information is shared to the last employee. "We have empowered them sufficiently to execute jobs and improve. Also, we had bridged the gap between blue collared and white collared people and it will be difficult to distinguish between the two in our company," he adds.

To reach the TEI state of maturity, organisations have to invest in building up the maturity of their people. It is to be accepted that people, to begin with, may not be mature or have the ability or the willingness. This may require the organisation to, therefore, adopt a directive style initially and then slowly change the style as maturity increases. "Unfortunately, the biggest challenge that the manufacturing sector faces is that while they talk about TEI and pride themselves with TQM and other such practices, the everyday experiences of the employee is of working in a highly dictatorial and directive management culture. While manufacturing leaders might preach TEI, their own treatment of their subordinates might not be consistent with this claim. As a result, TQM might end up being a mere manipulative tool to get workmen to give more while leaders continue to be directive in their style. Therefore, for TEI to be effective the organisation's culture and the style of the leaders must be more facilitative, inclusive and less directive, opines Chella.



◀ **Ganesh Chella, Founder - Totus Consulting & Vice-Chairman, Coaching Foundation of India**

Grooming people is needed to drive businesses in future. To address these issues Endurance Technologies introduced a structured leadership programme called Project Nirman, about 18 months ago. Under this programme, the company has developed a Leadership Competency framework with 7 Leadership Competencies being identified as those that need to be present in an employee to become a leader in Endurance. Selected candidates were assessed on various parameters and put through psychometric test. The gaps in the candidates' competencies are being filled through various kinds of initiatives including Action Learning projects, Individual coaching, Mentoring and Structured Job Rotation. "We are not waiting for people to change themselves. We are making them change," says Deshpande.

Earning employees trust is the key in building the culture in any organisation. D K Jain group encourages employees to shoulder greater responsibilities. Much freedom and opportunity is given at lower levels so that they can make decisions and work independently. This encourages enthusiastic working in the initial stage of their careers. "Recognition from customers made us challenge ourselves not only to raise the bar but also to maintain the existing achievements, which in itself is one of the great motivating factors for our employees. We also take care of the

employees' girl child under 'Nanhi Chaan' activity," Jain adds.

Rane Group believes that consistent policies and principles in terms of values are very important. At the same time, flexibility to adopt and tweak policies to cater to changing market realities and aspirations of people is critical. "Trust is a long term result of meticulous practice of fairness and transparency," reiterates Ganesh.

Craftsman understands the aspirations of its employees and they in turn understand the need for sustainable growth. "I do state my goals clearly, the path we have taken and the challenges ahead. A transparent communication back and forth helps to face all the challenges together," says Ravi. This helps people take pride in their jobs and contribute effectively. The message is that the employee is working for himself and his career growth. The company goals are also aligned with the individual growth plan and it is the joint duty of employee and the management to provide the right ecosystem for success.

Endurance group has finalised their 'Year 2020 Strategy', which is to become a Rs 10,000 crore group by then. Therefore, all the initiatives are aligned to the 'Year 2020 Strategy'. As part of this, the group in the process of creating, location wise, to build skills for both blue and white collar jobs. As a follow up to the intent, the group, a year ago, defined its purpose, which is to create value

continuously for the customers, vendors, employees, stake-holders and the society at large. The company has set its goal to be present in all the two-wheelers manufactured in the world. Therefore, every action of every employee should define that purpose.

NSDC, as part of the general courseware, focuses heavily on modules for soft skills, health, hygiene and safety – under both generic and programme specific curriculum. Such modules contribute to overall personality development of the employee and help in building confidence to prepare him/her for any kind of professional environment. Along with its training partners it is focused on formal skills training, setting standards and curriculum through Sector Skill Councils and counselling of candidates to ensure that they enrol for a course based on their skill sets, which will help them perform effectively in their future employment.

Chella says the leaders of every organisation have an overwhelming influence on the culture of the organisation. CFI, for instance, works closely with the leaders to enhance their effectiveness through several streams of coaching that will make leaders to become more empathetic, more sensitive and more facilitative in their style. "By helping leaders become more effective and strike the right balance between task and people, we contribute to make the work culture a lot more enabling and supportive," he adds.

## Creating Excitement

According to industry experts, one of the toughest things faced by the auto component industry is to attract talent as most of the fresh engineers prefer joining IT / Software industry. Chella counters by saying that, "It is time that the manufacturing industry stops feeling and behaving like a victim of the so called largess demonstrated by the IT industry. It is actually a myth that the IT industry pays more. Thanks to years of oversupply, the IT industry has managed to retain its real wages



◀ **Deepak Jain, Managing Director, Lumax Industries**



**S Ravi, Managing Director, Craftsman Automation**

at more or less the same level for close to 10 years. Manufacturing leaders have to look inward about their faulty people practices and rectify them without behaving like victims. For one, manufacturing leaders must own the people agenda and not see it as HR's job. They must encourage openness and act in more inclusive ways," says Chella.

Endurance Technologies also evolved 5 core values – Customer centricity, Integrity, Transparency, Team Work and Innovation (CITTI). To percolate the intent to the entire workforce the group adopted large scale interactive process in which the management addressed all employees in every location through a one-day fun-filled workshop. The message was communicated to them encapsulated in stories. The message on CITTI is mentioned to every employee through everything that they encounter everyday like their diaries, screen savers etc. Besides, in every communication forum, there is a quick quiz on the vision statement continuously harping in the minds of the people. Those who practise the values effectively are recognised and rewarded. The company has covered all the white collar jobs and plans to extend it to blue collared employees in local languages.

Employees are usually motivated by short term rewards rather than long term benefits and the manufacturing industry can only thrive on the culture of innovation. Chenoy suggests a few ways

to attract talent in the manufacturing sector. Many companies do not as yet have the organisational structures or processes for managing knowledge-intensive work. It is imperative to invest and train people in globally dispersed business models and in new technologies and innovation that will enhance the skills of the employee and maintain consistency in quality of manufacturing. This not only results in the growth of the company but also to the individual's growth chart. Interesting learning opportunities like these often attract talent.

### Partnership

Reducing the gap between industry and academia is increasingly becoming important. And partnering with prestigious institutes is a vital means of attracting talent. These partnerships extend beyond just campus recruitment and help in integrating working experience with schooling, identifying and developing promising candidates early in their academic careers.

### Employee Value Proposition

Chenoy says value proposition includes more than pay and benefits; it also includes the organisation's behaviour, mind-set, norms, commitments, and informal networks. It is well advised that manufacturers should tailor their employee value proposition to the local context, accommodating the culture and norms of the local labour markets in which they operate.

**Ganesh feels that attracting talent is still a challenge. It is not just the**



**Makarand Deshpande, Chief Peoples Officer, Endurance Technologies**

**software industry; multinational companies who do not have the time to understand the local environment upset the compensation market because their expat managers normally stay for a short duration of 2 to 3 years in India, with no long term responsibility. This is an unfortunate situation in a country which has a shortage of competence at all levels. "We have no choice but to compete and become leaner so that with the reduction in head count and more productivity one is able to match market compensation," he adds. DK**

Jain group creates excitement by introducing new technology in design and manufacturing. For instance in manufacturing, Lumax established itself as a first in offering new styling 2-color-2-shot lens moulding method, thereby creating a new trend in looks and appeal of new generation tail lamp lenses. These initiatives created a new dimension in the way people saw the lens, and established customer confidence.

Leaders should unequivocally recommend their organisation as a place to work for their children. "My suspicion is that many of them may not; and therein lies the problem," points out Chella.

### Career Path

Chenoy advocates that every company, especially those in the manufacturing sector, must have standard HR policies and procedures when it comes to the growth of its employees. The training modules should be well defined for employees at every level. It is the HR department's prerogative to chart out career paths for employees working across various roles and profiles. Similarly, depending on the profiles and role of employees, as and when they climb the corporate ladder and start becoming responsible for their teams, it is crucial to instil leadership skills in them. The HR department must design appropriate leadership



programmes, depending on the team size and responsibilities.

Ganesh feels that recruitment, retention, empowerment and encouraging high performance of bright managers is vital for Rane Group. "I feel this will be the key in India for the next decade or so till supply of talent meets the demand. This will become even more critical if economic growth revives in the country. The leadership has to really focus on this aspect for the future." Ravi is confident that the future belongs to organisations that are flexible to change and inclined to learn. A quick and responsive organisation is most likely to succeed and face challenges. "We have plans to constantly challenge our employees to reach greater heights and build on our strengths and diversify into finding new markets and applications. We have no options but to keep on evolving and growing," he adds. For Lumax, organisation restructuring is in process and the focus is on Leadership Development Programme/ Defining Career Path for employees.

Craftsman has its own model of leadership development. Instead of theoretical programmes, it has a number of mentors in various divisions who have specialised in the field and who actually get involved in the operations. These mentors offer rich experience to the upcoming leaders. It is an 'on-the-job' development of leaders. In short, a technician who is a blue collared person has every opportunity to become a white/ blue collared manager in his area of expertise.

Although DK Jain group initiated Leadership Development Activity as part of its Vision 2020 programme, Jain feels that it needs to be strengthened further. Rane Group has several management development programmes right from the entry level to senior leadership. From Engineer Management Development Programmes for entry level engineers to Senior Leader Programmes which it sometimes conducts with leading institutions like IIM Bangalore, there are tiered interventions for developing a manager through his / her career, asserts Ganesh.

Every 6 months a batch of 15 employees go through Japanese language training at Lumax. "We also send our employees to Stanley Japan for training for technical knowledge upgradation and exposure to Japanese work culture. People from Stanley visit our plants regularly, do audit, share improvement points and help us work in a PDCA manner. Besides, there is focus on TPM activity across the group," says Jain.

Endurance Technologies has a reward and recognition programme (Prashansa) in which any individual can nominate himself if he is responsible for any quality, process or profit improvement. Every plant gets four awards in a quarter and the awardees automatically qualify for the annual MD's award, which is selected by the awards committee. These initiatives brought down the attrition rate from 18% to 12% in middle management and below, while it was zero at the top management level; total employee involvement is a by-product. The group also introduced 'Susamwad' (good communication process) initiative. Under this, the MD along with the six management committee members will meet up with white collar employees twice a year to review and plan for the next six months. It allows any employee to express himself and the HR department is responsible for sending

replies at the earliest, depending upon the issues raised. Prior to the next meeting, consent is taken from the individual who raised the issue, on the resolution of the case. Secondly, every quarter the CPO holds communication meeting with each plant. The objective of these initiatives is to make every individual confident about the company and make him understand his importance to the organisation's growth. The HR randomly selects about 10 employees to meet the MD independently, without the presence of the HR; this is to assess if the intent of the vision statement has really reached every individual. Called 'Coffee with MD', this is conducted once in a quarter. The new joiner's forum is conducted every quarter with the management committee members and the CPO. The aim is to understand their perspective on Endurance Technologies and the best practices they were exposed to in their previous organisation.

Going forward Endurance is looking at introducing internal job postings from the career job perspective. The group is currently working on introducing the second phase of Project Nirman for second level management staff. Now it is also working on building the Endurance brand to increase recall value. This will help attract good talent; it will also help the group get recognised across the world.

Chenoy observes that organisations can improve work culture by understanding their employees better. An ideal way to do this is to increase channels of communication between the top management and the rest of the organisation for employee feedback. Constant feedback can play a major role to understand how the organisation's work culture can be improved. Other things that play a crucial role include training, and development of technical and soft skills, a conducive environment, employee retention policies, and focus on a healthy and competitive work culture. **ACI**